Daily Report

Central Eurasia

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FBIS-SOV-95-157 *15 August 1995*

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Constitutional Court Hearings

Justice's Opinion Cited on Chechnya Court Case

954F3020A Moscow LITERATURNAYA GAZETA in Russian No. 31, 2 Aug 95 pp 1-2

["Dissenting Opinion of A.L. Kononov, justice of the Constitutional Court of the Russian Federation;" first paragraph is LITERATURNAYA GAZETA introduction]

[FBIS Translated Text] The decision of the Constitutional Court in the "Chechnya case" was announced recently. Of the three contested presidential edicts, one was found constitutional, and the Constitutional Court did not on various legal grounds deem it possible to render an opinion on the two others. The sole instance in which allowance was not made for the executive was the clause of the government decree which spoke of the deportation from Chechnya of persons "representing a threat" and also of the stripping of journalists of their accreditation. It is known that the court's decision was not adopted unanimously. How many members of the Constitutional Court voted against is a secret of the consulting room. But eight dissenting opinions setting forth to this extent or the other considerations and arguments other than those formulated in the final text of the decision speak for themselves. LITERATURNAYA GAZETA has the opportunity to publish (in abridged form) the dissenting opinion of Constitutional Court Justice A.L. Kononov. This document will make it possible to form a judgment on the judicial disputes that evidently took place behind the closed doors.

....The acts in question are essentially well known in world and domestic practice as so-called executive laws (special edicts and so forth) geared to a particular situation of a temporary nature which has arisen suddenly and is extremely menacing. There ensue from the Constitution of the Russian Federation (Articles 56, 87, 88, and 102) and current legislation just two ways of regulating the legal procedures of such situations — martial law and a state of emergency. They are characterized, as a rule, by an emergency strengthening of military and administrative authority, the imposition for given instances of additional limitations of the rights and liberties of the citizens, and the application for the safeguarding of order and security of power methods (armed included) as the main, decisive means of the resolution of extraordinary situations and conflicts. All the typical indications of martial law and a state of emergency may be clearly discerned in the decisions we are analyzing.

Thus the most candidly classified edict of 30 November makes repeated mention of the imposition and maintenance of state of emergency procedures in connection with the armed conflict in the Chechen Republic. "Measures," according to the attached plan, shall be undertaken in the conflict zone from 0600 on 1 December 1994. The creation of "special forms of government" (Clause 4) under the aegis of the military, including a so-called "leadership group" (Clause 2), is specified to this end. The leader of this group (the defense minister!) is accorded special, exclusive powers in coordination of the activity of the federal executive authorities and the forces maintaining security and the right to bring charges against officials, up to and including their removal from their performance of their official duties (Clause 3).

The joint command of militarized forces of different agencies, incidentally, is possible only in exceptional cases (Article 18 of the law on a state of emergency) and impermissible under ordinary conditions, on which the Constitutional Court spoke plainly in its first ruling of 14 January 1992, but the group continues to exist even after the edict has been revoked.

The group was entrusted, particularly, with the "disarmament and elimination of armed elements" and the organization of "special entry and exit procedures and also a special procedure of movement in the state of emergency zone" (Clause 4). The measures also specified the closure of the republic's administrative and air borders and the imposition of special admission procedures at the border.

It is well known that on the basis of this edict, which imparted official form, in fact, to the Security Council decision of 26 November 1994, armed forces of the Ministry of Defense and troops of the MVD were committed to the territory of the Chechen Republic, where with the use of aviation, artillery, and other heavy arms broad-based military operations were commenced. The measures of an emergency nature, officially unannounced, but introduced in fact, indisputably entailed mass violations of the constitutional rights and liberties of the citizens, which did not allow the Constitutional Court, even if the act was subsequently canceled, to avoid rendering an opinion and terminating proceedings in view of the direct prohibition in part two of Article 43 of the law on the Constitutional Court.

The edict of 9 December 1994 is in title and essence wholly identical to the previous one and is a public version of that same decision of the Security Council, to which it contains a direct reference, including the coincident wording of the causes and purposes and methods of a resolution of the conflict. Intended for publication, it does not offer a list of the specific measures and avoids a mention of the state of emergency, but in its general boundless formula not only fully encompasses the secret edict in effect at that moment but also, in fact, accords

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the government unlimited authority "to use all means available to the state" to achieve the said purposes.

The said wording does not contain any differences or restrictions in the use of both military-power and legal means, does not specify any legal safeguards, and admits of an entirely arbitrary interpretation. Under the emergency conditions combined with the absolutely wrongful *outlawing* of the opposite party to the conflict contained in the preamble this formula clearly orders the desired result to be achieved in any way and at any price.

It was in this way that it was received by the law enforcers and the executants of these acts. This is attested by the methods, extremely brutal and banned by international humanitarian law, of warfare, the use of indiscriminate weapons of mass destruction, the mass destruction of the population, the colossal flow of refugees, the global demolition of residential and production properties, environmentally dangerous installations, and cultural and religious assets, the punitive expeditions with so-called "mopping up," the creation of absolutely illegal screening points, and the instances of summary shootings and executions and the use of torture and torment.

....An analysis of the above-mentioned acts in their entirety with regard to the practice of their application and actual consequences makes it possible to identify the terms employed in them like "elimination of armed elements" as an armed conflict of a noninternational nature, "disarmament measures," as state of emergency procedures, and the formula "all means available to the state," as unlimited authority of the executive in the choice of weapons and modus operandi in this situation.

In the light of this the prescriptive nature of all the said acts containing legal and organizing provisions binding on an indefinite number of persons is not in doubt.

....The said acts contravene in respect to use of the armed forces, in addition, Articles 87 and 90, part three of the Constitution of the Russian Federation inasmuch as these forces were pulled into this conflict contrary to their purpose defined by a special provision of Article 10 of the law "On Defense" of 24 September 1992. Part three of this article, which we believe operative since it may not be canceled by an edict of the president of the Russian Federation (Article 90, part three of the Constitution of the Russian Federation), directly prohibits the enlistment of the armed forces in the performance of assignments not connected with their purpose (other than the repulse of aggression, inflicting defeat on an aggressor, and the discharge of international obligations) on grounds not specified in the law.

As pointed out above, the acts of the president and the Government of the Russian Federation in question essentially accorded their executants unlimited authority, failed to stipulate any procedure of choice of weapons and ways of conducting the military operations and the protection of the civilian population and civic properties, and were totally uncorrelated with the provisions of international humanitarian law. Marshal V.G. Kulikov, who addressed the session of the court, confirmed, inter alia, that these provisions were simply unknown to the command, to the serviceman rank and file even less. A basic principle of these provisions proclaiming that the rights of the parties to a conflict to choose the methods and means of warfare are not unlimited was violated. As a result of the issue and application of these acts the provisions contained in the 1949 Geneva Convention and the supplementary protocols to it and the provisions of the second protocol of 12 August 1949 concerning the protection of the casualties of armed conflicts of a noninternational nature, which pertain to this case directly, were most flagrantly violated.

Nor did the said acts of the president and the Government of the Russian Federation contain adequate protection or effective legal means against the illegal application of limitations of human rights and abuses by these limitations.

....Nor does a number of arguments of the party that issued the acts concerning the expediency and extreme necessity of the adopted measures appear convincing from the constitutional standpoint.

The decisions contained in the acts are justified predominantly by the need to defend sovereignty, territorial integrity, constitutional order, state security, and other state interests. Human rights are in last place on this list. But they cannot be deemed to be uni-sequential. Article 2 of the Constitution of the Russian Federation unambiguously and unequivocally attributes Man and his Rights and Liberties to the highest value. This main distinguishing principle of this constitution was flagrantly violated in favor of state preferences.

Nor may the principle of territorial integrity serve as an insurmountable obstacle to the right of the people to self-determination. Being a basic right and opening the 1966 International Civil and Political Rights Act, the right of a people to self-determination contains here no reservations or limitations, is actually operative in international practice, reflects the progressive historical tendency, and, by virtue of part four of Article 15 of the Constitution of the Russian Federation, is included in the system of basic constitutional rights....

....It would seem that territorial integrity may not be established forcibly in defiance of the self-determination

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of a people expressed in legal form and that the conflict must be resolved in civilized fashion in favor of the latter.

References to extreme necessity may not serve as proof of the honesty of the imposition of emergency measures and as justification of the military conflict.

The Syracuse principles of interpretation of limitations and departures from the provisions of the International Civil and Political Rights Pact (1984) determine that subscriber states may employ such limitations and departures "only in cases of exceptional and actual or unavoidable danger which threatens the life of the nation" and "only when there are adequate safeguards and effective means of legal protection against abuses." "National security may not be invoked as a reason when it is a question of the prevention only of a local or relatively isolated threat to law or order." It is obvious that the said principles were not observed in this case.

In addition, extreme necessity is justified only provided that the harm caused is less appreciable than that prevented. The consequences of the actual actions known at this time, however, would seem manifestly incommensurable with the declared purposes and the anticipated result.

Everyone is today concerned at what the practical consequences of the decision of the Constitutional Court will be. Time, as they say, will tell. But one of its points is of immense practical significance. The Constitutional Court emphasized that, in accordance with the Constitution of the Russian Federation and international law, all who have suffered from any violations, crimes, or abuses by the authorities must be assured of effective legal remedy and compensation for the damage caused. But this is a matter for other branches of our justice and civil and criminal courts.

Negotiations in Groznyy

Maskhadov Refuses To Sign Peace Plan

LD1408180895 Moscow ITAR-TASS in English 1757 GMT 14 Aug 95

[FBIS Translated Text] GROZNYY, August 14 (ITAR-TASS) — Chechen military chief Aslan Maskhadov refused in Monday to sign a plan of the implementation of the military agreement reached by Russia and Chechnya on July 30, spokesman for the Russian troops in Chechnya Vasily Panchenkov told ITAR-TASS.

The plan was proposed by the Russian delegation on Sunday.

The Chechen delegation was given until 18:00 (local time) to reply whether or not it was going to accept it.

At 17:00 Maskhadov said he could not sign the plan because he disagreed with its provisions prohibiting self-defence units in settlements where local bodies of power and police have been established.

According to Panchenkov, Maskhadov virtually proposed to change the bodies of power, which is not provided for in the agreement.

At the same time, the spokesman said Makhadov signified his readiness to fulfil the agreement.

Anatoliy Romanov, commander of the Russian troops in Chechnya, and Maskhadov — who are also co-chairmen of the Special Observer Commission set up to oversee the implementation of the military agreement — are expected to hold a working meeting at 10:00 on Tuesday.

In an interview with ITAR-TASS earlier today, Romanov confirmed Russia's commitment to observe the military agreement signed at the government level, adding that it will not allow any deviations from it. "We cannot fire at each other," Romanov told journalists as he embraced Maskhadov who said he shared his views.

Hours later, Russian Prime Minister Viktor Chernomyrdin issued an ultimatum to the Chechen side in Groznyy "to reply by 18:00 today about its readiness to meet Russia's demand to fulfil the military agreement.

The premier warned that if the Chechen side fails to respond, Russia will take "the toughest measures."

He pointed out that the government will announce these measures in a special resolution which may be issued today. At the same time, he expressed the hope that Chechen officials will listen to the people who do not want the war.

Chernomyrdin Issues Ultimatum to Chechen Negotiators

LD1408132595 Moscow ITAR-TASS in English 1310 GMT 14 Aug 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin gave the Chechen side until 18:00 to report its readiness to implement the military agreement reached on July 30.

The federal authorities have issued an ultimatum to the Chechen side in Groznyy "to give an answer by 18:00 today on its readiness to meet Russia's demand to fulfil the military agreement," Chernomyrdin told journalists as he toured the agro-industrial complex Belaya Dacha outside Moscow on Monday.

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The premier warned that if the Chechen side fails to respond, Russia will take "the toughest measures."

Earlier today, ITAR-TASS correspondent in Groznyy reported that the Russian and Chechen military commanders, Anatoliy Romanov and Aslan Maskhadov, reached an accord concerning Russia's demand to start the disarmament of illegal armed formations and sent four groups of their representatives to Chechen settlements to oversee the implementation of the accord.

Further on Ultimatum

LD1408134095 Moscow INTERFAX in English 1217 GMT 14 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 14 (INTERFAX) — The Chechen side must give a final answer on its signing of a plan on fulfillment of the military agreement before 4 p.m. today. The plan was passed over to the Chechens by the Russian governmental delegation on August 13 in Groznyy, commander of the federal troops in Chechnya lieutenant-general Anatoliy Romanov told INTERFAX.

In his words, the answer is to be given by commander of the Chechen staff Aslan Maskhadov. "If the Chechens decline our proposals, we will unilaterally fulfill the military agreement with the help of sober-minded persons."

Roman has instructed troops leaders to have contacts with Chechen field commanders, local residents and elders for fulfillment of the military agreements. He said that residents of some populated localities have voiced their readiness to lay down arms.

A statement of the Russian side passed over to the Chechen delegation on Sunday says, in particular, that "the Chechen side has not made a step in disarmament."

"The Chechen side has not submitted a full list of POWs," says the document. It also stressed the on-going provocations against federal troops.

Yeltsin Threatens 'Gangs' With 'Extreme' Measures

LD1508104195 Moscow ITAR-TASS World Service in Russian 0932 GMT 15 Aug 95

[By Andrey Shtorkh]

[FBIS Translated Excerpt] Moscow, 15 Aug (ITAR-TASS) — "If there is no response to the statement of the Government of Russia or it is an unsatisfactory response, we will take special, extreme, energetic measures including military measures," President of Russia Boris Yeltsin said today in reply to a question from the ITAR-TASS correspondent.

"The gangs in Chechnya," he said, "are quietly beginning to stir and grow active. And they cannot be allowed to again crawl onto the low lands of the republic and Groznyy to begin their bandit operations." Therefore, at the meeting on Monday which was attended by Viktor Chernomyrdin, Anatoliy Kulikov, Vyacheslav Mikhaylov, and Nikolay Semenov "we demanded the disarmament of the bandit formations by 1800," the president recalled.

The president meant 1800 on Monday — the deadline set yesterday by Viktor Chernomyrdin at a meeting with journalists. Despite the fact that the deadline has now passed and no answer has been received, the federal authorities have not yet resorted to any extreme and energetic measures.

In the statement from the Russian Government issued late on Monday night no deadline was set for the implementation by Dudayev's side of the agreement on peaceful settlement of the situation in the Chechen Republic (a package of military issues). [passage omitted]

Yeltsin Insists Peace Process 'Must Go On'

AU1408123395 Paris AFP in English 1219 GMT 14 Aug 95

[FBIS Transcribed Text] Moscow, Aug 14 (AFP) — President Boris Yeltsin told Russian delegates to the negotiations in Chechnya on Monday that the peace process must go on, despite running into serious difficulties.

"Despite the difficulties that have come up, the Russian side should not give up the initiative for the resolution" of the war, Yeltsin said, according to a Kremlin statement sent to AFP.

Yeltsin told the high-level delegates that he was "unsatisified by the process of disarming the illegal armed formations" battling for independence in the Caucasus republic, the statement said.

The talks almost collapsed over the weekend because of disputes over the disarmament of Chechen rebels, agreed to in an accord July 30.

On Sunday, the Russian side gave the Chechens an ultimatum to begin disarming voluntarily, as agreed, or face the use of force. The Chechen and Russian commanders came to an agreement early Monday, ITAR-TASS news agency said.

Yeltsin was meeting with Interior Minister Anatoly Kulikov, Nationalities Minister Vyacheslav Mikhaylov and the head of the Russian administration in Chechnya, Nikolay Semyenov.

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All three take part in the negotiations aimed at ending the war between Russian forces and independence fighters led by Dzhokhar Dudayev.

The meeting was also attended by Premier Viktor Chernomyrdin.

Yeltsin said that "frequent provocations by the Dudayev armed formations had seriously complicated" the peace process.

"The Russian party must be ready to resolutely put an end to any possible provocations," Yeltsin said.

The Russian side must continue "with persistence towards the defined goals," he said.

'Full Text' of Government Statement on Chechnya

LD1408203195 Moscow ITAR-TASS in English 2019 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — "The government of Russia warns that it will not allow illegal armed formations and groups committing acts of violence, terrorism and sabotage to continue to operate in the republic unpunished. To this end, all necessary measures will be taken to defend the rights of the citizens," the Russian government said in a statement late on Monday.

The statement said the "Dudayev regime is trying to radically change" the substance of the agreement on a peaceful settlement of the conflict in Chechnya, which is commonly referred to as a military agreement, reached by Russia and Chechnya on July 30.

Following is the full text of the statement:

"The agreement on a peaceful settlement of the situation in the Chechen republic (on a set of military issues) signed on July 30 in Groznyy has been met by its people and millions of residents of the Russian Federation with hope. It has opened up real prospects for reaching a consensus and national reconciliation, and conducting free democratic elections in the Chechen republic.

"The president and the government of the Russian Federation have unconditionally supported the agreement in full.

"However, as events have shown, the Dudayev regime, despite the will of the delegation authorised to conduct the talks, from the very first days subjected the agreement to revision, seeking to radically change its substance, primarily on the key issues of disarmament.

"The moratorium on combat operations has been violated by illegal armed formations more than 200 times. In a number of settlements, self-defence units have begun to be established on a unilateral basis. The accumulation of arms and ammunition, armed provocations and calls for a 'holy' war continued. Although many field commanders and militants sincerely wish peace and are prepared to face peace, Dudayev and his closest entourage have been pushing the population towards a new senseless bloodshed.

"The government of the Russian Federation believes that the continuation of the talks on a peaceful settlement of the situation in the Chechen republic can be possible only if real and immediate steps are taken by the 'Dudayev side' to fulfill all provisions of the signed agreement.

"The government of the Russian Federation states its firm readiness to cooperate with all who are sincere in their pursuit of peace and accord. At the same time, the government of Russia warns that it will not allow illegal armed formations and groups committing acts of violence, terrorism and sabotage to continue to operate in the republic unpunished. To this end, all necessary measures will be taken to defend the rights of the citizens.

"The government of Russia is confident that the absolute majority of Chechen people share the ideas of peace and inter-ethnic accord and appeals to their wisdom. The present and the future of the Chechen republic must be determined not by political impostors, but by its multinational people."

Dudayev Reaffirms Readiness To Comply With Agreement

LD1408144995 Moscow ITAR-TASS World Service in Russian 1345 GMT 14 Aug 95

[Report by Tamara Zamyatina, Nikolay Kalintsev, and Sharip Asuyev]

[FBIS Translated Text] Groznyy, 14 Aug (ITAR-TASS) — While criticizing certain provisions of the agreement on military issues, Dzhokhar Dudayev on Sunday reaffirmed his readiness to adhere in principle to the provisions of the agreements, Saidkhasan-Abumuslimov, deputy head of the Chechen delegation at the talks, said today.

He told ITAR-TASS that a meeting has taken place between the Chechen delegation and Dudayev "in the southern zone of the republic." Aslan Maskhadov, chief of staff of the Chechen armed forces, members of Dudayev's cabinet of ministers, and commanders of the armed formations also took part in the meeting.

Saidkhasan-Abumuslimov said the participants in the meeting criticized certain clauses of the Groznyy agreement on the bloc of military questions signed on 30 July

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but, with a view to achieving peace between Chechnya and Russia, they agreed to fulfill the agreements on condition that the Russian side rigorously abides by them. It was noted that the Russian side is delaying the implementation of the agreement in every way.

Saidkhasan-Abumuslimov said Dzhokhar Dudayev has called upon his supporters not to give in to provocations but to follow the chosen path toward the restoration of peace on Chechen soil.

Saidkhasan-Abumuslimov also stated that "rumors that differences have arisen between the political and military leadership of the Chechen republic are not just exaggerated but are patently far-fetched."

Dudayev Sends Conflicting Message on Agreements

LD1508090295 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 15 Aug 95

[FBIS Translated Text] Late on Monday night [14 August], the Russian Government issued a statement warning that it would not tolerate the activities of the illegal armed units. The document accused Dudayev's regime of attempting to alter the agreements on key issues.

The Chechen side, however, denies Moscow's accusations.

[Correspondent Vladimir Varfolomeyev] Head of the Chechen delegation Khozakhmed Yarikhanov admits that one of the documents signed by Dzhokhar Dudayev and pertaining to the results of the talks on military matters does indeed to some extent disavow the agreement reached. However — Yarikhanov showed me the document — it is not a decree or instruction from the president of Ichkeria [Chechnya]. What Dudayev signed was a decision of the State Committee for Defense, and he signed it in his capacity as chairman of this body. At the same time in his capacity as the republic's president, Dudayev takes a different line and fully approves of the results of the talks.

Therefore if one is to believe what head of the Chechen delegation Yarikhanov says, two different General Dudayevs are currently in command in Chechnya — or maybe the one and only Dzhokhar is suffering from split personality.

However a member of the Russian delegation Vladimir (?Zorin) believes that we are not dealing with a medical condition here. He says the Chechen side is just inventing more subterfuges so as not to carry out the agreements reached.

Yeltsin Spokesman on Demands For Chechen Disarmament

LD1508121295 Moscow ITAR-TASS in English 1154 GMT 15 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 15 (ITAR-TASS) — "If Dudayev's supporters are not ready to indicate illegal armed formations and their location, the Russians might do it themselves," said Sergey Medvedev, the Press secretary of the Russian President, in an interview with ITAR-TASS today.

"So far, there has been no response to our proposals on disarmament although it was pointed out that such a decision might have been made by 18:00 p.m. Monday [1400 GMT 14 August]," the Press Secretary said. "Apart from the fact that there is no response, the Chechen side continues provocations. Both the president and the government made it clear in yesterday's statement and during a meeting with journalists today that such provocative acts would be resolutely cut short," Medvedev said.

"The Federal authorities issued no ultimatum to Dudayev's supporters, but toughened their approach to them. There is no ultimatum as it is, and it seems to be wishful thinking of the Chechen side," Medvedev said. " What did happen is that Russia has taken rather a tough stance, believing that the disarmament of Dudayev's formations is of principle importance. Otherwise, no further progress towards peace settlement can be made," Medvedev said.

Federal Forces Begin To Withdraw From Villages

LD1508095295 Moscow ITAR-TASS World Service in Russian 0934 GMT 15 Aug 95

[By Vyacheslav Bondarenko]

[FBIS Translated Text] Rostov-na-Donu, 15 Aug (ITAR-TASS) — Federal forces in Chechnya have started withdrawing from towns and villages to specially equipped stationing locations. ITAR-TASS learned this today from Colonel Yakov Firsov, chief of the press center of the North Caucasus Military District. All block-posts are also expected to be removed, with the exception of those remaining by mutual agreement.

Disarmament of Chechen Rebels To Begin 16 Aug

LD1508103995 Moscow ITAR-TASS in English 1035 GMT 15 Aug 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY August 15 (ITAR-TASS) — The process of practical disarmament of

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illegal armed formations in Chechnya will start on Wednesday [16 August], commander of federal troops in the republic Anatoliy Romanov told reporters on Tuesday.

The name of the settlement where the first group of Dudayev's militants is going to surrender its weapons has not been made public yet.

Separatist forces' chief of staff Aslan Maskhadov said that at least in four districts of Chechnya — Nozhai-Yurt, Gudermes, Vedeno and Shali — field commanders are ready to follow provisions of a military accord reached at the Groznyy peace talks.

Commenting on his Tuesday's refusal to sign a Moscow-proposed disarmament plan, Maskhdov said that the plan "contained some elements affecting questions of power".

The major disagreemet in the implementation of the military accord in Chechnya boils down to different approach of the sides to the creation of the Chechen local militia.

The Russian side proposes that militia units should be formed only in those Chechen towns and villages where local power and law enforcement bodies are currently absent. Chechens, on the contrary, insist that militia must operate in all settlements of the republic, branding the current authorities as illegal.

General Romanov stressed that neither he nor Maskhadov want "to go deep into a labyrinth of negotiations". He accused political negotiators of failing to remove all disagreements during the talks. "Now, we have to do this", Romanov said.

Chechen Delegation Member Views Military Agreement

LD1508102595 Moscow ITAR-TASS in English 0958 GMT 15 Aug 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY August 15 (ITAR-TASS) — Vakha Arsanov, military expert of the Chechen delegation at the talks in Groznyy, explained the complications in the negotiating process by saying that the text of the agreement on military issues was insufficiently worked out and that there are different interpretations.

Both sides, the Russian and the Chechen, differently interpret the clause of the agreement which states the need for the disarmament of illegal formations in accordance with the law on defence, Arsanov told ITAR-TASS.

The Dudayev side insists that the law on defence of the Republic of Ichkeria [Chechnya] be meant. [sentence as received] It legalises Aslan Maskhadov's armed units. Meanwhile, the forces of irreconcilable field commanders are regarded illegal and are to disarm.

The stand of the federal authorities is that the Republic of Ichkeria has not been recognised, and Chechnya is regarded as a subject of the Federation. The law on defence of the Russian Federation applies to armed forces in its territory.

Arsanov believes that differences should be resolved calmly in the course of the work. "Some or other differences may arise at the negotiations and at the stage of the implementation of arrangements. This does not warrant threats," Arsanov said.

Arsanov said the Chechen side intends to hold a news conference in Groznyy on Tuesday to set out its view on the negotiating process.

Lobov Appointed Yeltsin's Envoy in Chechnya

LD1408115195 Moscow 2x2 Television in Russian 1100 GMT 14 Aug 95

[FBIS Translated Text] INTERFAX reports that Oleg Lobov, secretary of the Russian Security Council, has been appointed personal representative of the Russian president in Chechnya.

Compromise, Withdrawal Are Chechnya Options

MM1508104195 Moscow KRASNAYA ZVEZDA in Russian 15 Aug 95 p 1

[Report by Vladimir Gavrilenko and Anatoliy Stasovskiy: "Peace in North Caucasus Impossible Without Complete Disarmament of Chechen Gunmen"]

[FBIS Translated Text] It is a bad thing when hopes fade and restrained optimism gives way to disappointment bordering on irritation. Something similar is currently happening in Chechnya. The talks are deadlocked and have been crowned by an ultimatum to the Chechen side. Vyacheslav Mikhaylov, leader of the federal delegation, stated Sunday 13 August that "if the agreement on military matters continues being undermined, the Russian side will carry it out unilaterally." Colonel General Anatoliy Kulikov, the internal affairs minister, explained that: "We will have to carry out the agreement using force, and if the gunmen launch an offensive, we will have to destroy them." This is a somewhat new although not unexpected turn in "Chechen history." Everything has been heading in that direction — Dudayev's revision of previous agreements on military matters resulting in his pointed refusal to disarm the illegal formations of gunmen, the delay in moving

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the Groznyy talks on to specific solutions to political issues, the return of the routed Dudayevites in a "victory march" in virtually all Chechen population centers, the provocations every single day against the federal troops, and the restoration of the illegal armed detachments' combat potential. Things have even reached the point of direct attacks on the Russian side and accusations that it has been... violating the agreements that were reached.

Nonetheless, ultimatums are ultimatums. It is one thing to present an ultimatum to disparate bandit groups camped in the mountains, and quite another to present one to the reformed detachments of Dudayevites who have regrouped after their military defeat and have regained virtually all their lost positions without a fight. Moreover, we should not disregard the situation in which the federal forces currently find themselves. The peaceful development of events in Chechnya that has begun has caught the imagination of a considerable number of officers and men. The situation in which units and subunits of troops find themselves shows that the initiative has been gained, if not wholly then to a certain extent, by the enemy. This is confirmed by the fact that in many areas federal forces are virtually blockaded. They are surrounded not only by bushwhacking guerrillas, snipers, and mortars, but also by a sizable number of minefields — which are getting bigger with every passing day. Nor should we forget that the Dudayevists continue to hold, according to certain information, more than 50 federal servicemen. I think that it was no accident that this number was never mentioned during the Groznyy talks. The gunmen continue to plan to use their prisoners as a living shield. Clearly, the possibility of political and military blackmail using POW's is to the fore. In such an event the forcible disarming of the illegal Dudayevist formations would be a very difficult undertaking. Apart from painstaking preparation and considerable financial expenditure, it would entail further human losses. After all, even under so-called peace conditions three federal servicemen in Chechnya were killed and several people wounded over the past weekend.

The latest attempt to settle the Chechnya crisis was made the other day by the State Duma. The deputies adopted a decree instructing the Russian president to examine the question of declaring a state of emergency in the Chechen Republic. In addition, the State Duma appealed to the president to set up a special commission to verify the procedure for funding and allocating material resources to restore destroyed areas in the Chechen Republic. The president was also instructed to take personal control of the results of the commission's activity. And, finally, the deputies instructed the president and the government to strengthen the arrangements on the Russian state border and establish the required controls on the administrative border with Chechnya.

The lower house of the Russian parliament has been virtually reiterating what many politicians and experts are currently saying. It boils down to the following: However hard it may be, the troops should be withdrawn — once all POW's have been returned, of course — and then strict border arrangements should be established on the frontier with Chechnya, and, instead of the current expenditure of financial resources on restoring Chechnya (which, as is well known, is already turning out to be a bottomless pit), the money should be used to provide facilities for the troops on the border and to help refugees. There is also another option — reaching an acceptable compromise at the Groznyy talks in the very near future (primarily on the disarmament of the illegal bandit formations). There is no other option. Otherwise, we will find "corners" of conflict continuing to smolder in the North Caucasus with various degrees of force for a long time to come.

Military Operations

Chechens, Russians: Hostilities Not To Be Resumed

LD1508093895 Moscow ITAR-TASS World Service in Russian 0912 GMT 15 Aug 95

[By Sharip Asuyev]

[FBIS Translated Text] Groznyy, 15 Aug (ITAR-TASS) — Hostilities in Chechnya will not be resumed and the agreements reached on military issues will be carried out by peaceful means only. This was stated to journalists today by Anatoliy Romanov, commander of the combined group of federal forces in Chechnya; and Aslan Maskhadov, chief of the main staff of Dudayev's units. The statement was made at 1235 [0835 GMT] at the end of their 90-minute working meeting on ways to implement the 30 July agreement on a package of military issues.

At the same time President Boris Yeltsin today told ITAR-TASS in Moscow: "If there is no response (from Dudayev — ITAR-TASS note) to the statement of the government of Russia or it is an unsatisfactory response, we will take special, extreme, energetic measures including military measures."

This statement was made at 1220 hours [0820 GMT] in reply to a question by ITAR-TASS correspondent Andrey Shtorkh at the president's meeting with journalists in the Kremlin.

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Russians React to Dudayev's Threat of Hostilities

MK1208152295 Moscow SEGODNYA in Russian 12 Aug 95 p 2

[Report by Pavel Felgengauer: "Russian Troops Retreat in Order To Stay On. It Has Probably Been Decided To Treat Dudayev's Threats Seriously"]

[FBIS Translated Text] None of the articles in the Russian-Chechen agreement on military issues has been fulfilled yet. Moreover, General Dzhokhar Dudayev has recently announced that forces which remain true to him are getting ready to launch another assault to drive Russian troops out of Ichkeria [Chechnya]. The Russian military command seems to realize that the threat of a new confrontation is serious enough: On Thursday [10 August], General Kvashnin, commander of the North Caucasian Military District, announced that the federal troops are to withdraw unilaterally from populated areas in Chechnya.

After Russian troops seized Shatoy in June, they remained in the positions taken. Meanwhile, after the peace agreement was signed, Chechen detachments that had been driven by the Russian attack into mountain gorges started to infiltrate onto the plains — Groznyy and other populated areas. Armed groups belonging to various leaders and teyps [Chechen kinship clans] were created, above all to take part in the domestic fight for power in Chechnya, and on the eve of the "free" election they will move where the majority of voters live — the more so because it is very difficult to maintain a private armed formation in a mountain forest, since the opportunities for robbery, racketeering, and recruitment of new gunmen are very limited there.

Generally speaking, the return of Chechen fighters to the plains per se complies with long-term Russian interests in the region. To reach an agreement on the delimitation of powers, Moscow needs a strong leader in Chechnya capable of controlling Chechnya in the same way President Galazov controls Ossetia. Naturally, such a local leader will also secure the interests of the central authorities, since without Moscow's economic, political, and military aid no Chechen leader will ever be able to bring under his power all teyps in the republic, which has been ruined by war.

The most important thing for federal troops now is to step aside so that the Chechens can decide for themselves who personally will act as Moscow's governor-general in Groznyy in the near future. The importance of this is further emphasized by the fact that various Chechen detachments, especially those beyond Aslan Maskhadov's control, may try to procure additional heavy weapons at small posts of federal troops in populated areas, using for this purpose a shield of protesting women, old people, and children.

In principle, the retreat of troops from populated areas was planned as early as winter. The Chechens, who sustained a military defeat, have almost no heavy weapons left, and federal troops, concentrated into large garrisons, will hardly be vulnerable to any significant extent from the military viewpoint. Naturally, Russia will never fully withdraw its troops from Chechnya, and as the "free" election is being prepared, the garrisons will exert some influence, including military pressure, on the course of an internal confrontation in Chechnya.

Khasbulatov Urges Chechen Commanders To End War

LD1408173195 Moscow ITAR-TASS in English 1700 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — Former Russian parliament speaker Ruslan Khasbulatov called on the people of Chechnya not to allow reactionary forces to derail the peace process and resume war in the republic.

Khasbulatov expressed concern about the growing tension in the Chechen capital Groznyy and other settlements and the "intransigent" field commanders' calls for a "war to the end."

He described the current situation as "favourable for the restoration of peace and transition to peaceful life."

"Russian authorities have embarked on a path of a negotiated settlement of the conflict. The Chechen side has shown common sense and agreed to talks, thus saving thousands of lives," he said.

In his appeal to the Chechen field commanders, Khasbulatov asks, "Why do you give a reason for bringing the charges of dishonesty against the Chechen side which has signed an agreement on the termination of the war? Haven't our people faced enough disgrace before the whole world?"

Khasbulatov urged the Chechen clergy to "take all possible steps in order to prevent the war from developing into a large-scale one."

He pointed out that war and tension benefit "those who understand very well that peace will bring free elections and free elections will mean the end of their temporary power."

"The war is needed by lunatics who are ready to sacrifice everything and everyone to the last man in order to achieve their own ambitions. People do not need war," he said.

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FSB Press Spokesman Mikhaylov Cited on Chechnya

MM1408160995 Moscow RABOCHAYA TRIBUNA in Russian 11 Aug 95 p 7

[Interview with Major General Aleksandr Mikhaylov, leader of the Federal Security Service Press Service, by RIA NOVOSTI observer Vyacheslav Lashkul; place and place not given; published under "Russian Counterintelligence Bears Witness" rubric: "Who Does Not Want Peace in Chechnya" — first paragraph is RABOCHAYA TRIBUNA introduction]

[FBIS Translated Text] The reaching of an initial accord on a block of military problems at the Groznyy talks in which an OSCE mission is participating is rightly being regarded in Russia as a victory for the forces of peace. How realistic is peace in the near future from the viewpoint of the Russian Federation Federal Security Service [FSB]? This was the question put by RIA NOVOSTI's observer to Major General Aleksandr Mikhaylov, leader of the FSB Press Service.

[Mikhaylov] I believe that currently Chechnya is reminiscent of a knocked over anthill in which several irreconcilably conflicting clans have formed. Therefore just now it is too early for us counterintelligence officers to talk of peace as a realistic future. Moreover, for the time being we cannot fail to take into account that a number of structures, above all in Dudayev's entourage, are no longer under his control and consequently will try to observe neither agreements nor moratoriums.

Right now we are losing as many people as died during combat operations. Therefore we must not idealize the peace talks, perceiving them as the only thing that will lead to stabilization in the near future.

Permit me to cite a piece of historical information. Starting in 1944, the last bandit was arrested on Chechen territory in 1978.... Since then the struggle against criminals has not been waged in earnest. I am convinced that there are forces which will oppose both the peace talks and the signed agreements. But we will permanently be in a state to snuff out both fires.

We take account of the fact that by and large the situation has radically changed following the attack on Budennovsk, when the bandits were allowed to escape with impunity. The assessment of Russia's role and place in Chechnya has also changed among those who used to adopt pro-Russian stances. This is the reason why I do not believe in the imminent reality of a peaceful solution to the conflict.

[Lashkul] What was the fate of the territorial state security organs in Checheno-Ingushetia after Dzhokhar Dudayev came to power?

[Mikhaylov] The fate of these special services is extremely sad. In October 1991 a group of bandits sheltering behind nationalistic slogans seized the Checheno-Ingushetia KGB building. They carried out an armed raid on it, and our officers, fearing the possible consequences of open opposition, were forced to surrender the building. They hoped that they would recover everything later by peaceful political means. It was then that the bandits acquired, practically for the first time, a considerable quantity of weapons.

[Lashkul] Was it not then that Chechen territory started turning into the "powder keg" of the Caucasus?

[Mikhaylov] Yes. The weapons captured during the storming of the KGB in Groznyy subsequently provided the means for blackmail during bandit attacks on military subunits in Chechnya. Military subunits were surrounded often by unarmed people; women and children were put in front and people inciting them to attack guard detail subunits were behind. Later they started surrounding military units with gasoline trucks, threatening to set fire to them if weapons were taken out of military compounds.

In the first stage the federal authorities and counterintelligence officers held talks with Dudayev. Moreover, pretending to accommodate us, he detailed — ostensibly to guard military compounds — police subunits. They subsequently became the first to storm them and seize weapons.

A criminal regime was created in Chechnya, a "sovereignty" of criminal personalities. Is this what Dudayev wanted? Most likely he did not give it a thought. When he released the jinni from the bottle he little imagined how the situation would develop. Dudayev allowed two intolerable actions to be carried out. First, the amnesty associated with the declaration of sovereignty. At that time he released many criminals from prison who could then be drafted into the army and accepted into the guards. Then came the edict on the right to carry and keep firearms, including automatic weapons. With the security committee, prosecutor's office, and internal affairs organs having been broken up, there was nobody to oppose this....

We received information that Dudayev was trying to conclude a contract for the delivery of weapons from former USSR republics. The money to do these deals appeared after the allocation of quotas for the export of oil products. Money came from Moscow without any control. If we look at the Chechen Bank's foreign currency accounts at that time we will notice the issue of a huge number of cash sums. Recently I was shown a unique document on the issue to Dudayev of $500,000 in cash for "the purchase of strategic raw

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materials." I cannot imagine a more absurd situation: The head of state, as he called himself, was making cash settlements for "the purchase of strategic raw materials"! Incidentally, in general Chechnya does not need them. Why do the Chechens need zirconium pipes if they do not have any nuclear electric powerstations?

Subsequently the situation developed as follows. When domestic reserves had been exhausted the entire banking system and industry was plundered, Chechnya's criminal structures were no longer able to confine themselves to their own territory: What could they take from poor peasants who had nothing? Then they started robbing at gunpoint trains going from Russia to Azerbaijan and back. Not one of them escaped this sad fate. They started using money not for social payments but primarily for...arms. As early as 1992 and 1993 Dudayev was carrying out large-scale military exercises in preparation for war. Mobilization plans were drawn up, whose essence boiled down to the population's readiness for periods of any kind of tensions and conflicts, above all with the Russian Federation. Dudayev's supporters started to view Moscow and Russians as the main enemies.

[Lashkul] From time to time journalists obtain an interview with Dudayev, Basayev, and other Chechen gunmen. Do the Russian special services know the whereabouts of these terrorists?

[Mikhaylov] We are receiving information on Dudayev's whereabouts but with a time lag of an hour to an hour and a half. Often Dudayev is brought for meetings with journalists to places where his complete safety is guaranteed. Sometimes journalists are taken there for meetings with Dudayev or Basayev. So it might seem that we know but in order to capture Dudayev a real combat operation has to be carried out. With great losses for us. I am convinced that Dudayev will ultimately be brought to justice but it is probably not optimal to set our soldiers to catch this bandit.

On the other hand Dudayev's arrest will lead to his yet again becoming a bargaining chip for the most diverse political forces, especially prior to the elections. And a banner to some people. Were Dudayev now to appear in Moscow, for instance in Lefortovo Prison, political games over him would begin immediately — and very serious ones at that.

[Lashkul] What does the counterintelligence service know about the countries sustaining Dudayev's gunmen?

[Mikhaylov] First of all I will mention Turkey. Not so long ago a Turkish special services agent was arrested and he is now under investigation. He has given evidence to the FSB that there are in Dudayev's entourage representatives of Ankara's special services who are supplying him with, in particular, communications systems, including space communications systems. We tried to obtain an explanation regarding this from the Turks. Their explanations about this are not very coherent or instructive. Representatives of our service have gone to Turkey and held talks there. The Turks have given their solemn assurance that they are not giving any assistance to Dudayev's supporters. But they say that if they are being helped by the diaspora, that is its own affair: They cannot control the transfer of money from Turkey to Chechnya via the United States.

We also have information about the participation in Dudayev's illegal armed formations of Afghan mojahedin, Jordanian citizens....

[Lashkul] According to your information, to what extent was Dudayev implicated in Basayev's terrorist operation in Budennovsk?

[Mikhaylov] On the one hand Dudayev's direct denunciation of this operation by Basayev's supporters indicates that his gunmen are out of control. But on the other hand we are in possession of facts indicating that the Budennovsk operation was discussed by the bandit formations' leadership, which raised the question of the penetration of Russian territory with the aim of carrying out acts of sabotage. We warned of this in encrypted messages for the North Caucasus 10 and 13 June, and the raid on Budennovsk and the hostage-taking there took place on the 14th.

Effects on Chechen Community

About 120,000 Chechen Refugees Not To Return Home

LD1408163195 Moscow INTERFAX in English 1515 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — About 120,000 refugees, who fled Chechnya during the war there, do not plan to return, Deputy Chief of the Russian Federal Migration Service's Public Relations Department Andrey Sarychev told INTERFAX today.

A total of 380,000 people fled their homes during the fighting in Chechnya. Sarychev said these were not only Russian-speakers. He said nearly "all non-Chechens are Ukrainians, Jews and Armenians."

During the Dudayev regime's rule in Chechnya but before fighting broke out over 200,000 Chechen residents had requested the migration services to give them the status of displaced persons in order to leave Chechnya. Sarychev said "entire working collectives would

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have left if they had the opportunity to find employment somewhere else." "The entire staff of the Groznyy airport moved from Chechnya after finding jobs in the Stavropol region," he said.

Sarychev said that according to various estimations, about 150,000 refugees have returned to Groznyy by now.

Sarychev said the Federal Migration Service now faces the problem of compensation payments to the conflict's victims, primarily for lost property and homes. He said that before October 1 such compensations would first be paid to those who were returning to Chechnya and then to those who were going to stay outside it. Sarychev said he believed that the budget may have a special item on expenditures for such compensations.

Chechen Citizens To Be Compensated for Losses

LD1408131195 Moscow ITAR-TASS in English 1237 GMT 14 Aug 95

[By Liliya Kuznetsova]

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — The federal authorities are going to pay compensation to Chechen citizens who lost their housing and property during combat operations. Nikolay Chulkov, Deputy Chief of the Russian Federal Migration Service, told this to ITAR-TASS on Monday.

He said the provision about the compensation and normative documents stipulating the procedure of the payment of compensation have already been worked out. Questions of financing are being decided by the Ministry of Finance and the Economics Ministry. Documents of Chechen citizens are now being accepted and files formed and channelled to special commissions which are to establish the amount of future compensation. Compensation will be paid in Chechnya by executive authorities and in Russia by organs of the Migration Service.

According to the estimates of the Federal Migration Service, over two thousand billion roubles will be needed to pay out compensation, Chulkov said. However, the Migration Service has no such funds at present. So it has been decided to subdivide the process into two stages. At the first stage, sums of money will be paid as compensation in Chechnya. This may stimulate the return of some refugees to Chechnya, Chulkov believes. Compensation will be paid out in various forms. Municipal housing can be supplied instead of the lost housing. Building materials will be supplied to those wishing to restore their homes. Compensation for the surrendered housing will be paid to those who are going to leave Chechnya.

In other Russian areas, the compensation will be monetary. Payments will begin from October 1 of the current year. The problem is that the funds for the payment of compensation are not mentioned as a separate item in the federal purpose-oriented programme for the restoration of the economy and the social sphere of the Chechen Republic. The Russian Federal Migration Service now exerts efforts to readjust the programme for this year. The funds for compensation in 1996 should be taken from the government funds for the restoration of Chechnya, not from the federal migration programme.

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ITAR-TASS Carries Press Review for 15 Aug

LD1508062095 Moscow ITAR-TASS in English 0449 GMT 15 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] Moscow, August 15 (ITAR-TASS) — The situation in Chechnya again came to the fore in publications of leading Russian newspapers. Today's ROSSIYSKAYA GAZETA newspaper carries a report from Groznyy by its special correspondent Vladimir Yanchenkov who notes that "the line of Dudayev's delegation for procrastinating endlessly the negotiating process and scuttling reached understandings has resulted in non-fulfilment of a single item in the agreement on military issues which was signed two weeks ago".

The ROSSIYSKIYE VESTI newspaper, founded by the Russian president's office and reflecting the viewpoint of the Russian leader on political, economic and social processes in Russia, front-pages a tough statement by Russian Interior Minister Anatoliy Kulikov: "In contrast to the majority of Chechen delegation members, Dudayev is ready to wage an armed struggle to the last Chechen for the sake of his personal ambitions, since Dudayev is a political corpse.

"If common sense takes the upper hand over Dudayev's ambitions, there is hope for the end to the war. If not, we have to fulfil the agreements by the use of force".

"Peace is impossible in the North Caucasus without complete disarmament of rebels in Chechnya," stresses the army newspaper KRASNAYA ZVEZDA, commenting on the firm position of the Russian Government. The central organ of the Russian Defence Ministry notes that "ultimatums are different.

"One thing is to put an ultimatum to dispersed bandit groups encircled in mountains, and quite another — to regrouped Dudayev's detachments which recuperated after the military defeat and which returned virtually all lost positions without fighting."

Printing reports from units which participated in combat operations in Chechnya, the daily puts the following question: "What is the reason for the current efforts if rebels lord it over, without interference, in towns and villages for which federal troops paid with the blood of their soldiers?"

The IZVESTIYA newspaper comments on the topic of Chechnya in its own way, frontpaging a snapshot which shows Groznyy's ruins "after restoration of consitutional law and order". The newspaper informs its readers of a 400-million-rouble suit against the Russian Government instituted by "a Russian citizen from Groznyy who lost his flat and property and who became a refugee without any rights".

As for the tough statement by the interior minister which was also commented by other newspapers, IZVESTIYA supposes: "If Kulikov's ultimatum on disarmament is not met and if the federal command has enough irresponsibility to use force, it will be necessary to look for the last year's calendar and to count again the days of war".

"It is difficult to make forecasts, but one thing is clear: The 'neither peace nor war' situation cannot last for eternity," the PRAVDA newspaper draws its conclusion, predicting in the style of former "party rhetoric" that "very much will evidently depend on how firmly and undeviatingly the Russian side will observe, resisting provocations, the spirit and letter of the peace understandings reached in Groznyy, butressing them, if need be, with the entire might of forces at its disposal".

Among other topics, today's newspapers give much space to the second congress of the Our Home is Russia movement (OHR), held on Saturday. ROSSIYSKAYA GAZETA, the government mouthpiece, prefaces its report from the congress with the following eloquent headline: "Future Without Crises and Upheavals".

Recounting a speech by the OHR leader, premier Viktor Chernomyrdin, the daily writes that "Viktor Chernomyrdin warmly hailed an initiative by the editorial boards of the ROSSIYSKAYA GAZETA, RABOCHAYA TRIBUNA and SELSKAYA ZHIZN newspapers which sat Heroes of Socialist Labour at the round table".

"The premier not only reads but also quotes RABOCHAYA TRIBUNA, "the newspaper of social partnership and social protection" writes in this connection, singling out words from the report by the OHR leader that "we should combine liberal foundations of economic life in Russia and practices of a social state".

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On the other hand, the SOVETSKAYA ROSSIYA newspaper, irreconcilable in its opposition stand, unequivocally calls the past forum of the OHR a congress of "indomitably optimistic portch-climbers", without delving into details of the election platform of "the party of power".

IZVESTIYA prints a feature on criminalisation of the Russian society under the headline "Three Questions After Death", expressing a version that heavy metals and radiation have nothing to do with the assassination of prominent businessman and politician Ivan Kivelidi.

In an article specially prepared for ROSSIYSKIE VESTI, Vladimir Gritsan, former legal adviser and legislator, writes about "a collusion between local power structures and organised crime in Krasnodar territory".

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Embassy: Baghdad To Detail Military Programs

LD1508124995 Moscow ITAR-TASS in English 1217 GMT 15 Aug 95

[By Aleksandr Zhurdo]

[FBIS Translated Text] MOSCOW, August 15 (Itar-Tass) — Baghdad is ready to give the U.N. ad hoc commission on Iraq's disarmament all information about its military programmes, says a statement circulated by the Iraqi embassy in Moscow on Tuesday.

Referring to Iraqi President Saddam Husayn, the statement says that former Minister of Industry and Mineral Resources Husayn Kamil Hasan who asked for a political asylum in Jordan last week, "played an evil role" in concealing important information from the U.N. special commission on "past Iraqi programmes for production of chemical, bacteriological and nuclear weapons".

The statement also quotes a pronouncement by Iraqi deputy premier Tariq 'Aziz that it is not in the interests of his country "to conceal data on former military programmes which were closed".

Daily on U.S. Role in Aftermath of Iraq Defections

MM1508105895 Moscow KRASNAYA ZVEZDA in Russian 15 Aug 95 p 3

[Report by Vadim Markushin: "Washington Has Excuse for Another 'Show of Resolve'"]

[FBIS Translated Text] There was no doubt — what Bill Clinton said three days ago about his support for King Husayn of Jordan not remaining mere words. It was not that kind of occasion. When it comes to Iraqi President Saddam Husayn, the White House is emphatic about acting businesslike and determined.

Information coming in gives us reason to believe that in the event of a further deterioration in relations between Baghdad and Amman, U.S. servicemen will behave in an unambiguously threatening fashion, clearly intimating to the Iraqi president that they will not stand on ceremony. The transfer of 2,000 infantrymen to the Red Sea to take part in joint U.S.-Jordanian military maneuvers is a pretty eloquent gesture. All the more so as somewhat earlier, Western media claimed, the aircraft carrier Theodore Roosevelt was ordered to move into the Eastern Mediterranean. The lack of any official explanation from Washington by no means indicates that these two measures are not linked to the same event — the defection to Jordan of Saddam Husayn's two daughters and their husbands.

Naturally, for the Iraqi president this "incident," staged by the people closest to him, has been a body blow. It is no secret that the family and closest relatives of Saddam Husayn are one of the current Baghdad regime's main supports. We need only recall that one of the defector sons-in-law was a member of the government and in charge of the Iraqi "defense sector," while the other was a special forces commander.

King Husayn of Jordan has taken a clear risk by agreeing to grant political asylum to these high-ranking Iraqi defectors. All the more so as there had already been indications from Baghdad that it intends to retrieve the defectors at all costs. The Iraqi president's attempt to settle things proved unsuccessful — his envoys (son 'Udayy and former Defense Minister al-Majid) returned home empty-handed after a meeting with King Husayn on the subject. In this situation the Jordanian monarch appealed to Clinton for support, and unreservedly got it.

"We had a long talk," Bill Clinton told journalists later. "I think that this defection shows how complex the current situation is in Iraq, how far Saddam Husayn is detached from reality, and how hard life is for Iraqis. I also consider it proof of the correctness of the decisive and firm U.S. stance against the lifting of sanctions...." The U.S. President immediately noted King Husayn's "courage" and repeated his assurances about support for Jordan. He said that the United States stands "ready" with regard to possible action — as was the case "a few months ago when a threat emerged to Kuwait."

We should probably note the even sharper reaction by Washington this time. After all, effectively there has been no sign of any real military threat to Jordan from Iraq. Although, on the other hand, there has also been no official statement from the United States about taking specific measures to influence Baghdad. The infantry, after all, are being sent to "take part in exercises." So let's see what happens next.

Results of Kozyrev, Lake Talks 'Kept Under Wraps'

MM1408183395 Moscow KOMSOMOLSKAYA PRAVDA in Russian 15 Aug 95 p 3

[Report by Yelena Kalyadina: "Mysterious... Plans in City of Sochi"]

[FBIS Translated Text] The visit to Andrey Kozyrev, who is on vacation in Sochi, by Anthony Lake, the U.S. President's national security adviser, was not made widely public by journalists because it was not crowned with results that could have been discussed. Croatia's aggression in Serbian Krajina prompted both Russia and the United States to underline their role as leaders of the Yugoslav settlement. Two new peace plans emerged. But their contents are still being kept under wraps. Both projects talk about dividing up Bosnia

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between Serbia and Croatia. The time is felicitous for this. After the sides drew level on the battlefield (the Serbian and Croatian penetration in Bosnia and Krajina respectively), they can come to the negotiating table with a feeling of equality. But it is not a question of securing equality but of whether that equality will hasten a Balkan solution. The United States is primarily asking Belgrade to recognize Bosnia, which for it will mean betraying its Serbian brethren. In principle Belgrade is prepared to do so. As long as it escapes from the international sanctions that are stifling it. As you know, President Yeltsin has resolutely called for this, threatening the possibility of unilateral moves. There is every indication that Andrey Kozyrev just as selflessly upheld this key idea in the Russian plan in Sochi. At least CNN concluded that despite the apparent similarity of their approaches Kozyrev and Lake have so far "agreed to differ."

Daily Views Recent U.S. 'Diplomatic Assault'

MM1408184295 Moscow ROSSIYSKIYE VESTI in Russian 15 Aug 95 p 2

[Report by Pavel Shinkarenko: "Washington Seeks Road to Peace in Bosnia in Wake of Moscow"]

[FBIS Translated Text] Boris Yeltsin's initiative calling for an urgent meeting between the leaders of the world's leading powers and the leaders of the warring sides to finally put an end to the Yugoslav crisis is meeting with a response. But the United States is aspiring to the role of "top peacemaker."

Late last week the White House made a diplomatic assault on Europe under the command of Anthony Lake, the U.S. president's national security adviser. The high-ranking Washington representative visited London, Paris, Bonn, Madrid, and Rome, and then met Andrey Kozyrev, head of the Russian Foreign Ministry, in Sochi. On Sunday [13 August] the U.S. politician also visited Ankara.

The main conclusion to be drawn from this diplomatic tour is that it was aimed at winning the support of the United States' NATO allies and imposing its plan for the settlement of the Bosnian conflict on the southern Slavs. It is noteworthy that there is still no official word on the substance of the "new ideas and approaches" to attaining this objective. But, judging from information that has been leaked to the press, it is a question of a new plan for the territorial demarcation of Bosnia. According to THE WASHINGTON POST, the United States hoped to persuade its European allies that it is necessary to take advantage of the political impetus arising from Croatia's victory over the Serb rebels. Washington also suggested organizing a summit meeting of the Serb, Croat, and Muslim leaders.

On the whole, as you know, that is the aim of the Kremlin initiative as well. But this is just an outward similarity. In actual fact the approaches are different. Russia, for instance, is pressing for the economic sanctions against Yugoslavia to be lifted as soon as possible. But the Americans are opposed to that: They say that this should not be rushed. According to Anthony Lake, it is first necessary to get Belgrade to recognize the Muslim-led Bosnian Government. But that has already been suggested. Repeatedly. And things have not budged an inch.

Ministry Praises Clinton Veto on Bosnian Arms

LD1408155295 Moscow INTERFAX in English 1515 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — The Russian Foreign Ministry's spokesman Mikhail Demurin told Interfax in an interview today that he praised U.S. President Bill Clinton's vetoing the U.S. law-makers' decision on the U.S. unilaterally lifting the embargo on arms delivery to the Bosnian Moslems.

"The cancellation of the embargo would have a sharp negative impact on the situation not only in Bosnia but in the entire former Yugoslavia because it would lead to a big war in this region," Demurin said.

He said the U.S. president's decision was aimed at preventing further escalation of military actions and cautioning those who expected to resolve the conflict by force and military pressure.

"Moscow expects that the U.S. executive power's positive stand will be organically supplemented by the still missing important element: support of the international plan on removing sanctions against Belgrade (the Bildt plan - IF Note)," Demurin said.

Demurin said this would send a positive signal to those who had already opted for exclusively peaceful political decisions.

Spokesman Welcomes Clinton Decision on Nuclear Tests

LD1408124795 Moscow ITAR-TASS in English 1231 GMT 14 Aug 95

[By Andrey Urban]

[FBIS Transcribed Text] MOSCOW, August 14 (Itar-Tass) — "Russia welcomes a decision made by the U.S. President Bill Clinton to cease all U.S. nuclear tests," a spokesman for the Russian foreign ministry told Itar-Tass.

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He pointed out that Clinton's initiative to ban all kinds of nuclear tests conforms to common efforts made by the international community aimed at ultimate renunciation of any kinds of nuclear explosions on the planet. "We believe that this decision has been made in an extremely important sphere," the Russian diplomat said.

The U.S. decision applies to Great Britain as well, since it has no nuclear test range of its own and carried out all nuclear tests in Nevada. Bill Clinton's initiative was welcomed with enthusiasm in European capitals and Tokyo.

Russia is far from lagging behind in this sphere and had already put forward a number of proposals which, if approved, would enable to make considerable progress on the way to a nuclear-free world, the spokesman said.

At present, experts of the Russian foreign ministry are thoroughly studying the initiative suggested by the U.S. President and its possible impact on the international situation. The Russian diplomat made it clear that conclusions made by the experts of the Russian foreign ministry would be brought to the notice of the Russian leadership.

Yeltsin Silence on 'Unjust' Serbia Sanctions Attacked

MM1108155795 Moscow SOVETSKAYA ROSSIYA in Russian 12 Aug 95 p 1

[Report by Yevgeniy Popov: "Results of Yeltsin's Meeting With Milosevic. Myth or Hint: 'Guess....'"]

[FBIS Translated Text] If you believe Yeltsin, his meeting with Serbian President Milosevic was of "historic importance." But most observers voice a far more modest view of it, and many describe it as another failure for Russian diplomacy. The point is not only that Croatian President Tudjman ostentatiously challenged Yeltsin by refusing to accept his invitation — most likely not without strong pressure from certain Western capitals, which the Russian president mentioned with irritation. It might quite well have been possible to derive diplomatic benefit even from this situation. The meeting between Yeltsin and Milosevic could have been of historic importance — without quotemarks — on one indispensable condition: If the Russian president had had enough spirit to finally show autonomy in Balkan policy, primarily on such a vital question for Serbia as the lifting of the unjust economic sanctions against the Federal Republic of Yugoslavia [FRY]).

Experts calculate that the sanctions can be estimated to have done over $50 billion in damage to the Serbian economy. The sanctions have most affected the neediest strata of the population, those on low incomes, those working at most enterprises where production has either been completely suspended or dramatically cut back. The sanctions have affected children and old elders. In one of his speeches Slobodan Milosevic angrily accused the politicians who introduced these sanctions, "who perpetrated an act of genocide against our people, against 3 million children in the FRY." Milosevic stressed that these politicians have "lost all moral right to speak of humane motives and humane projects."

In the current conditions, where refugees from Serbian Krajina have flooded into Serbia and Montenegro and the Serb Republic [of Bosnia] following the treacherous aggression by Croatia (which is not subject, incidentally, even after this to any sanctions by the international community), the continuation of the sanctions against Yugoslavia is not just an anachronism but a crime against humanity, which could and should be examined by the international tribunal in the Hague if that body was in the least fair.

In this situation, following two-hour talks with Milosevic Yeltsin reiterated (for the umpteenth time!) the now-irritating promise to help lift the sanctions, once again on condition that Belgrade does not anger the international community by defending Serb national interests. Admittedly, using the subjunctive mood, Yeltsin hinted at the possibility of lifting sanctions unilaterally. At the same time, after a pause, the Russian president said significantly: "Guess...." This is supposed to be a Russian diplomatic chess move that has, as it were, already been written out on paper but not yet executed.

The effect proved fairly theatrical, but there are serious grounds to think that this hint is no more than a myth, another mere disturbance of the air. Western analysts have long noted the Achilles' heel of Kremlin diplomacy: Publicly Russian leaders quite often issue determined tirades about pursuing their own foreign policy independently of the United States and the West, but quite different speeches are made during one-on-one conversations with Western leaders. The main point is that real diplomacy should be judged nonetheless not by ringing words directed at a Russian audience with an eye to coming elections but by real actions. But their actions always conform entirely with what is said face-to- face, in secret, behind closed doors.

Daily Claims Country's Diplomacy Abandoning Serbia

MK1208141095 Moscow SEGODNYA in Russian 11 Aug 95 p 9

[Article by Doctor of Political Sciences Igor Maksimychev: "Moneychangers in the Temple. The Serbian

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Catastrophe and Russian Policy;" followed by boxed text]

[FBIS Translated Text] The Croatian aggression against the Serbian Krajina is of a pointed nature. It was prepared openly; arms were stockpiled without hindrance, and operations by Croatian forces to capture Serbian positions have already been conducted twice this year. The United Nations did not impose economic or other sanctions against Croatia, Security Council protests remained mere words, and U.S. President Bill Clinton approved of the Croatian offensive. The NATO strike force remains reserved for the Serbs alone and will swing into action as soon as the Serbs try to restore the situation. Thus, there are enough grounds to speak of the emergence of a global anti-Serbian coalition.

Even the deaths of "blue helmets" failed to spark a sharp reaction by the international community. Verbal apologies from Croatian Foreign Minister Mate Granic appeared quite sufficient. Incidentally, Granic never apologized to Russia. Or did he do so in advance when in Moscow on 18-19 June? What was he told by the Russian side at that time? Did they advise using the Chechnya experience?

Russia, having spent so much effort to persuade the Serbs against using their military preponderance when it was still possible, now throws up its hands. The imagined meaningfulness of Russian policy leaders' vague hints, the confused mumbling of on-the-payroll interpreters of after-lunch moods at the top, and the persistent repetition in the Russian media of the pejorative "self-proclaimed republic of Serbian Krajina" cliche only serve to confirm the impression that the official Russian politicians have already sold out the Serbs. (Incidentally, all the republics of the former Socialist Federal Republic of Yugoslavia [SFRY] are self-proclaimed, with the exception of Yugoslavia, made up of Serbia and Montenegro, which remains an SFRY-successor state. It is another matter that Slovenia, Croatia, and Bosnia were recognized by the EU with impermissible haste and then by the international community, including Russia, before they resolved their many interethnic problems).

The occupation of Serbian Krajina, the massive exodus of its population, ethnic cleansing, and the punishment of randomly selected "war criminals" from among the Krajina defenders signify the raising of the curtain on the last act of the Serbian people's tragedy. The Krajina Serbs will be followed by the Bosnian Serbs, and then things will reach a point where Serbia itself will become involved. The actions of Croatia's army, which violated all its international accords and commitments, and the immediate recognition by the United Nations of the results it scored, show that no treaties or agreements are going to serve as an obstacle to an invasion of Serbia as soon as its enemies feel they are strong enough to do so. And this is bound to happen sooner or later since the sanctions against Serbia, and Serbia alone, will obviously not be lifted under any circumstances. The overall impression is that the good of the rest of the world hinges on whether the international community succeeds in destroying Serbian statehood as soon as possible. It is permitted to use any means against the Serbs, violate any treaties, and step over any number of dead bodies. They cannot expect help from any quarter.

Today's Russia follows in the footsteps of the perestroyka-era USSR, which lost all its friends internationally in record time. Let's look around and count whom can we still consider a friendly country. The result will be clearly discouraging. Who supports our efforts to prevent NATO's eastward expansion, ruinous for the stability of all of Europe? Who, not in word but in deed, is working together with us to achieve the real integration of Russia into European structures? Who is ready to take account of our vital interests in Greater Europe, even if they do not exclude Russia from it? No one, except Belarus, perhaps. It is even proving difficult to find common ground with Leonid Kuchma's Ukraine.

Under these conditions of nearly complete isolation, we sacrifice unreserved affection and potential help from the Serbs — in the name of what? In the name of resignedly following in the wake of the West, which, for precisely this reason, does not give two cents for us? In the name of rebuilding the Balkan powder keg, constantly threatening a European conflagration? For the sake of strengthening the aggressive Muslim influence in the heart of Europe? For the sake of clearing a mess of someone else's making? The men on Smolenskaya Ploshchad [Russian Foreign Ministry offices] are complaining about their humiliatingly low pay. Given such foreign policy results, they should not be paid anything.

History will soon forget the specific perpetrators of Russian diplomacy's falling into sin. Erased will be the names of those who wittingly or unwittingly helped the Serbs' foes prepare and strike the crushing blow against them. However, the very fact that a great Russia, which, some allege, has revived its historical continuity, left the Serbs to the mercy of fate in hard times, will be remembered for generations. No one cares about the reasons for which this happened — through inability, stupidity, professional incompetence, evil design, or self-interest. What is important is the bottom line — Russian politics is covering itself with shame.

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Someone named Jesus Christ chased moneychangers from a temple in Jerusalem about two thousand years ago. Do we have to await his second coming to see the cleansing of the temple of Russian politics?

[Boxed text] It was not yesterday that special Russian-Serbian relationships came into being. The Russian Empire's coming out in defense of little Serbia, threatened with aggression by Austria-Hungary, served as grounds for the unleashing of World War I in 1914 by a coalition of Central European countries led by the Kaiser's Germany. In the fated year of 1941, the invasion by Hitler's Germany of Yugoslavia, caused by Belgrade's friendly attitude to the USSR, held up for a perhaps decisive month the invasion by the fascist hordes of the Soviet Union. The Yugoslav (Serb-based) guerrilla army was the only fighting ally of the USSR in continental Europe before the British and Americans landed in Italy in 1943. Despite the feuds between the communist rulers in the postwar period, the Russians have had no more true friends on the European continent than the Serbs. The connivance of Russian policy in the developing rout of the Serbs is not simply a mistake, it is suicidal. This is not a matter of a mythical pan-Slavism or strategic interests in the Balkans, which are absent in a Russia of depleted of global thinking. The matter is that in Yugoslavia they are testing on the Serbs a model of destruction of strong (or potentially strong) states in Europe's East, which could become independent centers of stabilization and revival, and, according to the logic of the course of events, Russia is the next target of this model.

Daily Laments Weakness in Country's Balkan Policy

MM1408085795 Moscow PRAVDA in Russian 12 Aug 95 pp 1, 3

[Article by Yevgeniy Fadeyev: "What Does Moscow Have in Mind?"]

[FBIS Translated Text] Russian President Boris Yeltsin has tried to regain the role of peacemaker-in-chief in the blazing Balkans. Had he succeeded in achieving an agreement between Croatia and Serbia, he would have "scored points off the United Nations and NATO along with the United States, Britain, Germany, and France at one fell swoop," as the Western press put it. He was prevented from doing so by none other than Croatian President Tudjman, who refused to go to Moscow at the last minute on the most absurd pretext. In actual fact, the main reason was obvious to anyone following events in the former Yugoslavia. It was the concerted pressure on Zagreb from Washington and Bonn. ("We didn't need another Serb-Croat plot in the Kremlin"). (Admittedly, no agreement may have been reached there — it seemed at the very least somewhat strange for the Russian president to be chairing a peace process in the wake of the events in Chechnya).

Before staging his "diplomatic coup" in the tragic Balkan events, Yeltsin phoned FRG Chancellor Helmut Kohl and U.S. President Bill Clinton. "To discuss the idea," as Voice of America noted modestly. As was to have been expected, there was no delight generated by the discussion. Washington has its own plans on this score. While the "possibly historic meeting" (the Russian president's own words) was under way in the Kremlin, a U.S. delegation headed by the President's national security adviser was flying to Europe. With what plan on the former Yugoslavia? That is something that Russia is not privy to....

Just what new "historic" initiatives has the Kremlin now put forward?

Convening a tripartite meeting of the warring factions? But this is a proposal — albeit in another form — that has already been made before. And one to which the West virtually even failed to react.

Raising the question of lifting the more than three-year-old sanctions against Federal Yugoslavia? That too has been raised. What else? Nothing. Although, as a ranking Foreign Ministry official in Belgrade noted, "if you want to lift the sanctions go ahead, but do it unilaterally." Ah, no! What would "dear Bill" say?

Let us recall.... Throughout the bloody conflict in the Balkans Russia has been unable to decide on outright confrontation with the West on the problem of the Serbs — a people to which it has close ties going back many centuries.

That was why the idea arose — why not have Boris Nikolayevich invite the presidents of the two warring sides and give the green light to their initiatives for the sake of his own "domestic" goal — strengthening his shaky prestige within the country on the threshold of the elections?

...After meeting with Serbian President S. Milosevic our head of state told journalists that he would now be appealing to the leaders of all large states and to the UN Security Council separately to support Federal Yugoslavia.

Maybe he will (although how many promises of that sort have we heard at one time or another?). And what would be the point, anyway? Russia cannot propose anything serious today when it comes to its Balkan policy. Sadly, the world today does not listen to Russia.

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Here is one fact in conclusion. Foreign Minister Kozyrev and General Grachev recently took part in a London conference on the problem of the rapid reaction forces in Bosnia. Following this, U.S. Secretary of State Christopher stated at a press conference: "...the agreements we have reached do not depend on the agreement of the Russians or on the votes of the Russians in general."

Western observers are still guessing — what does Moscow have in mind when it comes to the Balkans? That really is unbridled optimism [vot uzh poistine neobuzdannyy optimizm]....

Local 'Hitch' Blocking Solution in Yugoslavia

MM1508105295 Moscow KRASNAYA ZVEZDA in Russian 15 Aug 95 p 3

[Report by Mikhail Pogorelyy: "'Quiet Harmony' Since Croatian Blitzkrieg"]

[FBIS Translated Text] Anthony Lake's visit to U.S. allies last week produced no sensational results, nor was any expected. The U.S. president's national security adviser expounded Washington's "new approaches" to solving the range of problems besetting former Yugoslavia in London, Paris, Bonn, and Ankara as well as during his meeting with Russia's foreign minister in Sochi while politely listening to his interlocutors' opinions. Lake's talks in the European capitals and in Sochi were described by BBC radio as exhibiting "quiet harmony."

In actual fact, strongly worded suggestions were made by Russia and equally strongly worded but diametrically opposed statements by London and Bonn immediately after the Croatian blitzkrieg against Serbian Krajina. Now, however, one week later, the great powers involved in the process of settling the Yugoslav crisis are moving toward a certain agreement. And they have notably supported the idea long and persistently promoted by the Kremlin of holding a "five plus three" meeting (the Contact Group countries plus representatives of the Serbs, the Croats, and the Bosnian Muslims.

However, the question of the actual substance of such a meeting and the specific steps in general to be taken in the immediate term to settle the situation in and surrounding Bosnia remain off camera for the present. In particular, the Russian proposals, expressed by President Yeltsin in his recent statement as a demand for the lifting of economic sanctions against the Federal Republic of Yugoslavia, are finding no response in Washington or West Europe. All the West's proposals on Bosnia (including the territorial demarcation options) which infringe the rights of the Serbian population of the republic are being received equally coolly in Moscow.

However, according to many political experts, an emerging rapprochement of the sides' positions can also be descried in the way the results of the Croatian blitzkrieg have been received in the leading states of the world. Despite the spate of speeches and statements by top officials, no single power, the United Nations, or NATO has taken any practical measures. And this could mean that everyone has tacitly agreed (without confirming this publicly) with the White House thesis that the successful campaign to eject the Serbs from Croatia by military means has created a situation whereby a new division of the map of Bosnia is possible that takes account of the interests of the Muslim government of Bosnia, Serbia, and Croatia. There is only one small hitch here — the leaders of the ex-Yugoslav republics, who, judging at least by the reaction of Bosnian President Alija Izetbegovic, do not share their senior colleagues' enthusiasm, have to be persuaded of the need for this.

However, the Croatian blitzkrieg has taught these leaders another lesson. They have been able to see graphically for themselves that in international affairs, notwithstanding all the statements and declarations, it is the law of force rather than the force of the law which prevails. It cannot, therefore, be ruled out that they will again be tempted more than once in the future to try to achieve their aims by military means, facing the world community with a fait accompli and conceding it the right to sort out the consequences of yet another reckless venture.

Foreign Ministry To Examine Law on Croatia

LD1408165095 Moscow INTERFAX in English 1530 GMT 14 Aug 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — Some media reports saying, with reference to Interfax, that Russia's Foreign Ministry regards the law on sanctions against Croatia adopted by the State Duma, parliament's lower house, as a demonstrative demarche which has no practical content are unfounded and do not reflect the Foreign Ministry's official position. Ministry spokesman Mikhail Demurin told this to Interfax in an interview today.

Demurin said the Foreign Ministry had not so far received the texts of the Duma's laws on Russia's unilateral exit from the regime of sanctions against the United Republic of Yugoslavia and on introducing sanctions against Croatia. He said the Ministry would closely examine the laws after receiving them.

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Upcoming Talks on Iranian Nuclear Reactor Detailed

LD1508095195 Moscow ITAR-TASS World Service in Russian 0810 GMT 15 Aug 95

[By ITAR-TASS correspondent Veronika Romanenkova]

[FBIS Translated Text] Moscow, 15 Aug (ITAR-TASS) — It is not impossible that three addenda to the contract on building an atomic power station [AES] at Bushehr will be adopted at the talks in Tehran between Russian and Iranian specialists which begin on Thursday. These concern the delivery of fuel to the station, the mechanism for financing its construction, and an analysis of the condition of the installations already at the site. ITAR-TASS learned this today from the Public Relations Directorate of the Atomic Energy Ministry of the Russian Federation.

Siemens of Germany began building an atomic power station at Bushehr back in the 1970's but work was halted in 1979. Russia began cooperating with Iran in the field of atomic power for civilian use at the end of the 1980's. In 1992, an intergovernmental agreement was signed on cooperation in the construction of an AES on Iranian territory and a contract was correspondingly signed in January 1995. These bilateral agreements have caused concern in the United States which fears that Iran will exploit Russian assistance to develop nuclear weapons. The Russian Atomic Energy Ministry denies such a possibility while the International Atomic Energy Agency will monitor the future station.

The Russian specialists hope that the contract will start to be carried out in the autumn. Some details of the work ahead must be determined for this to happen. First of all, the condition of the installations built by Siemens should be assessed and the possibility of using them analyzed. The conclusions of the experts on this matter will probably raise the value of the contract slightly. It is presently worth $800 million.

The bilateral talks will also deal with the issue of which banks will handle the financing of the construction. ITAR-TASS has learned that the Atomic Energy Ministry will offer Iran a whole list of banks including its traditional partners, Konvers-bank and Pervyy Russkiy Bank. Iran reserves the right to choose.

Furthermore, the issue of fuel deliveries to the reactor will have to be settled. Both sides agree that they should be long-term, over roughly 30 years. The cost of the deliveries is causing disagreement for now.

Sources at the Atomic Energy Ministry are confident that cooperation with Iran will not be confined to building and operating the first unit of the Bushehr AES alone. The possibility of erecting another three units at the station is already being examined. If a positive decision on the issue is achieved then such a contract could "stretch" to several billion dollars.

Diplomat Contacts Taleban Group in Qandahar

LD1508102695 Moscow ITAR-TASS World Service in Russian 0832 GMT 15 Aug 95

[FBIS Translated Text] Moscow, 15 Aug (ITAR-TASS) — A Russian diplomat has made contact with representatives of the Afghan Taleban opposition movement in Qandahar. The movement has been holding an aircraft belonging to Russia and its crew since 3 August. An ITAR-TASS correspondent learned this from a source at the Ministry of Foreign Affairs of the Russian Federation today.

Zamir Kabulov, a counsellor at the Russian Embassy in Pakistan, arrived in Qandahar yesterday. His mission includes holding talks with Taleban representatives on freeing the crew of the IL-76 transport aircraft. This plane, which belongs to the Aerostan air company (Tataria) and which is leased to the Transavia company (Sharjah, UAE), was flying along the Tirana-Sharjah-Kabul route on an Afghan Government commission.

According to information from the same source, it is difficult for Moscow to obtain information from the Russian diplomat due to the lack of communications with Qandahar. Zamir Kabulov leaves for Islamabad today from which the Russian Ministry of Foreign Affairs will receive a detailed report on the outcome of his mission.

Plane Allegedly Carried Ammunition

LD1408114995 Moscow INTERFAX in English 0954 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — A staffer of the Russian embassy in Pakistan and representatives of the Aerostan private air company, Tatarstan, Russia, left for Qandahar, Afghanistan, Monday for negotiations with the Afghan opposition group of Taleban. The sides will discuss liberation of seven crew members of an IL-76 plane and return of the aircraft, a high-ranking staffer of the Russian Foreign Ministry told Interfax in Moscow today.

The plane, freighted by the Afghan government with the help of a mediator, landed in the Qandahar area on August 3 on demand of the Taleban. The plane carrying ammunition for the Afghan government was flying from Tirana, Albania, to Kabul.

In the words of the diplomat, "representatives of the Russian Foreign Ministry have not checked the Taleban

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report on ammunition carried by the plane, but Afghan President Borhanoddin Rabbani has recently admitted this fact in an official statement."

According to the Ministry staffer, "the crew had to right to refuse from transportation of arms and ammunition despite the freight agreement. [sentence as received] Notably, the Aerostan company knew about the recommendation of the Foreign Ministry to avoid the Afghan skies on safety reasons."

The diplomat lamented that the company ignored these recommendations in pursuit of money.

"They independently reached an agreement, independently loaded the cargo and independently took off. However, we have to tackle consequences of their independent actions," said the diplomat.

"The priority of the Russian Foreign Ministry is to free Russian citizens. Certainly, we are holding talks on return of the aircraft, but our priority is people," he added.

Policy on Turkish Kurds Seen as Inconsistent

MM1508085595 Moscow SOVETSKAYA ROSSIYA in Russian 12 Aug 95 p 3

[Article by Professor Georgiy Pelisov, chairman; and Russian Federation Honored Worker Boris Sukhorukov, senior secretary of the "regional public organization of Russian and Kurdish peoples' friendship:" "Foreign Ministry Official Returns From Ankara With 'Turkish Accent.' Confusing the Issue"]

[FBIS Translated Text] The newspaper SEGODNYA 4 August published a commentary by Irina Grudinina entitled "Moscow Will Not Allow Kurdish Organizations To 'Build Nests' in Russia" (with the subhead "Albert Chernyshev Clarifies Things"). Mr. Chernyshev, a high-ranking official in Russia's foreign policy department and deputy foreign minister, had just returned from an official visit to Turkey. The subject of the commentary is therefore particularly topical. As you know, the Turkish regime is waging an insistent war — using aircraft and heavy artillery — not only against its own citizens in northern (Turkish) Kurdistan but also against Kurds in southern Kurdistan (northern Iraq)....

Regrettably, after reading I. Grudinina's commentary it emerges clear that Mr. Chernyshev is not only failing to clarify an extremely topical subject but is, so to speak, deliberately confusing the issue.

Whereas the whole world is talking about the policy of genocide that Ankara traditionally pursues against the country's non-Turkic population (this policy was, incidentally, recently condemned by the Russian Federation State Duma), Mr. Chernyshev says that Russia "considers the Kurdish problem Ankara's internal affair."

The author of the article cites "the Kurds' well-organized anti- Turkish demonstrations in Europe's capitals," which, she herself acknowledges, "take place without any excesses, with a minimal police presence." Why then is Mr. Chernyshev daring to call the organizers of these demonstrators — the Workers Party of Kurdistan [PKK] — "terrorists?"

Now a word about other matters broached in the article, in particular, the opening of a Kurdish Center in Moscow. Back before the formation of the USSR the Kurds were Russian subjects for over 200 years and under all laws (written and unwritten) should now enjoy the rights enjoyed by the population of the former Russian Empire. As for the opening of a Kurdistan National Liberation Front [KNLF] mission in Russia, in our view there is no reason to be worried about that. Incidentally, this patriotic Kurdish organization has opened missions even in NATO countries (Italy, Spain, Greece, Norway, and the Netherlands) as well as in Sweden, Finland, and certain other countries.

There is another surprising passage in this commentary. It says: "Russian Kurdish leaders from time to time venture to make rash statements which are hard to see as anything but provocative. Thus, Ahmad Dari, KNLF spokesman in the CIS, spoke about the Kurdish leadership's intention of obstructing the construction of a pipeline for shipping Caspian oil across Turkey. Enviable concern for Turkey's interests! It turns out that it is normal for Turkey and its Western partners to pump Caspian oil out right under Russia's nose. But when the Kurdish side states that it intends to impede the construction of this pipeline in Kurdistan (rather than in Turkey) if the Kurdish people's political and economic interests are not taken into consideration in the process, that is for some reason considered unacceptable.

The whole world is aware of the scandal involving the arrest of a group of Kurdish deputies from the Turkish parliament. Even Turkey's close NATO allies condemned this Turkish Government move, which is still a weighty reason for denying Turkey admission to the European Parliament and the customs union. But it is supposedly inadmissible for that parliament's deputies (who are still at liberty, since they are out of the Turkish authorities' reach in exile) to visit Russia, because they are subject to "prosecution by the Turkish authorities on charges of having links with the PKK."

World public opinion on whether the Kurdish problem is "Ankara's so-called internal affair" is interesting. Last March 12 Nobel Peace Prize winners handed a special appeal to the UN secretary general in which

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they advocated the "political resolution of the Kurdish problem in Turkey" (let us note that the PKK and its leader Abdullah Ocalan advocate precisely a political and peaceful resolution of the Kurdish problem). The above appeal was organized by Mme. Mitterrand, wife of the former French president. At a press conference in New York, talking about the Kurdish people's situation, she said that she had "personally been able to note the unbearable living conditions of this persecuted people, whose existence and dignity are denied and who are forced to fight for their existence.... Over 1,100 Kurdish villages and cities have been destroyed in the last two years. Around 24,000 Kurdish political prisoners have ended up in jail and 13,500 people have been killed, most of them civilians. Millions of Kurds have been forced to flee their homes.... On the pretext of fighting terrorism the Turkish Army is carrying out a real terror campaign in the region."

There you have the terrorism and its perpetrators mentioned by SEGODNYA.

It is not inappropriate to recall the appeal by five members of the U.S. Congress to the Turkish prime minister 12 December 1994, in which they protested against the arrest and conviction of five Turkish members of parliament from the [Kurdistan] Democratic Party [KDP], who were sentenced to 15 years in jail on the standard charge of "terrorism" even though the Turkish authorities were only able to charge them, as the congressmen wrote, with "making speeches about the Kurdish people's position in Turkey."

In turn a CSCE parliamentary assembly statement on the situation in Turkey pointed out that the "Turkish Constitutional Court has banned the KDP and deprived legally-elected members of the Turkish Grand National Assembly of their parliamentary status owing to the content of their speeches and (or) articles" and "urged Turkey to release prisoners currently in jail for expressing their views."

The Kurdish question is now on the agenda for talks between Russia and Turkey. It is regrettably not yet clear what position Russia will take. As for A. Chernyshev's articles, they just seem irresponsible.

New Summit With Ukraine Unlikely 'In Near Future'

MM1508114495 Moscow KRASNAYA ZVEZDA in Russian 15 Aug 95 p 3

[Report by Anatoliy Polyakov: "What Are the Reasons for Pessimism? Kiev Thinks That Talks on Black Sea Fleet Will Hardly Bring Positive Results in Near Future"]

[FBIS Translated Text] It is no secret to anyone that Prime Minister Yevheniy Marchuk's refusal to pay another visit to Moscow indicates that he did not want to be put in an embarrassing position again since he is not happy with the minimal results of his previous talks with Viktor Chernomyrdin. At a semi-official level people in Kiev think that the reason for the delay with the premier's visit was experts' inability to draft the definitive text of an agreement on the division of the Black Sea Fleet and the timeframe for Russian troops' presence in Ukraine.

As a result people in Ukraine are starting to talk of the need for the presidents to meet again. But if this meeting does go ahead it will primarily have to record the fact that there was no "breakthrough" at the previous meeting of the heads of state.

Many experts are now casting doubt on the likelihood of another summit meeting taking place in the near future. Boris Yeltsin has Chechnya, where talks are deadlocked, the former Yugoslavia, and Duma elections. Leonid Kuchma has economic "strain," domestic conflicts that are threatening to split the church, and impending monetary reform. That is one side of the coin. On the other there is seemingly an accord for the presidents to meet regularly. But can they discuss anything else at such meetings unless the Black Sea Fleet problem has been resolved?

Ukraine is still asking its "northern neighbor" to conclude a treaty on leasing the Sevastopol base for 15 years. At the same time Ukraine constantly emphasizes that it can make no more concessions. This timeframe does not suit Russia; it should be six times longer. In this connection Moscow is accused of wanting not to reach agreement but to "pulverize" Ukraine. It is said that people in Russia realize that Ukraine is weaker than ever before today and that it will be hard to hold talks with it on the Black Sea Fleet tomorrow.

At the same time the Ukrainian press is amazingly unanimous, as if by command, in hushing up the fact that Russia alone is maintaining the Black Sea Fleet. What is more, Ukraine is also contriving to use this money to maintain its naval forces by passing it through its banks and exacting all manner of imaginable and unimaginable taxes.

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Political Issues

Yeltsin Refers Wages Compensation Law to Duma

MM1408154195 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 12 Aug 95 p 2

[Unattributed, untitled report under the "Official Section" rubric]

[FBIS Translated Text] Russian Federation President B.N. Yeltsin has sent the Federal Law "On the Procedure for Compensating Material Damage in Connection With the Violation of Deadlines for Paying Wages, Pensions, Stipends, Subsidies, and Other Social Payments" back to the State Duma for revision.

The law, as you can see from its name, is designed to establish a procedure for compensating material damage and envisage a clear legal mechanism for this compensation.

The Russian president sent a letter to State Duma Chairman I.P. Rybkin which reflects the reasons for a reexamination of the aforementioned law in detail. According to the president, the aim of adopting the act in question has not been achieved. Furthermore, putting the given law into operation, far from solving the problem of the arrears in wages, pensions, and other social payments, will just lead to serious negative consequences, as its practical implementation is highly problematic, the president believes.

Yeltsin Orders Register of Cossack Communities

MM1408122895 Moscow KRASNAYA ZVEZDA in Russian 12 Aug 95 p 1

[Report by Boris Soldatenko: "Cossacks Become State People"]

[FBIS Translated Text] Russian President Boris Yeltsin has issued an edict "On the State Register of Cossack Communities in the Russian Federation," which charges the Ministry for Nationalities Affairs and Regional Policy with drawing up a state register of Cossack communities.

The Russian Government has been instructed to define within two months the types of state service to which members of Cossack communities should be recruited.

Chernomyrdin Remarks on Economic Policy Viewed

MM1408133995 Moscow IZVESTIYA in Russian 12 Aug 95 p 2

[Report by Mikhail Berger: "Why Premier and Speaker Are Talking About Amending Reform Policy"]

[FBIS Translated Text] The other day the leaders of the two electoral blocs issued almost simultaneous statements advocating amendments to the reform policy. These statements might not have attracted much attention had they not been made by figures who are among the state's top officials.

Prime Minister Viktor Chernomyrdin, speaking at a scientific and practical conference of the "Russia Is Our Home" Moscow Oblast organization, stated that some aspects of our economic transformations should be abandoned.

Duma Speaker Ivan Rybkin, leader of the newly forming (although not as successfully as "Russia Is Our Home") left-of-center bloc, spoke out even more radically at a Moscow press conference in favor of decisive amendments to the reforms — which should be pursued for the majority of the population rather than just the select few.

There is no doubt that any reform, even the most successful kind, can be amended to achieve even greater success. It is even more obvious that Russian reform, although providing a certain amount of hope, is still far from being a success. But it is even more obvious that if anyone is capable of amending policy, it is the head of the cabinet and the speaker of parliament. What are they calling for?

There is a well-known anecdote about two friends rushing along in a car at high speed. One says to the other: "Slow down and turn around — we're going to crash!" A few seconds later the car smashes into a wall. Crawling out from under the debris, the man who issued the warning scolds his friend — "I told you we should have turned around...." "I thought so too," he said, "but you were driving."

There are no grounds for claiming that our "economic car" might smash into an insurmountable obstacle. At least at the current stage such a turn of events is far less likely than it was a year or two ago, say. But if we are talking about the possibility of a U-turn, then it is Chernomyrdin who is driving. Rybkin, to continue the metaphor, is in the role of a traffic cop who could turn the car around, stop it, and even confiscate the driver's license while the accident is being investigated. But it is still the premier who is driving the "car."

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Demands to change policy decisively or in some other way have probably been made since January 1992 — that is, since the very first steps toward reform were taken. Criticism of government policy is a natural thing during an election campaign. Some people sincerely believe that everyone will suddenly start having a better life if policy changes, other critics do not go in for such illusions, but there is no other way of attracting the voters' attention.

What did the premier have in mind when he spoke of amending policy? We have managed to discover that not a single economic department or government analysis group or team has received instructions to draw up a new economic platform. It cannot be ruled out that by this stated desire to "abandon certain things," the premier was referred to the reduction or abolition of certain taxes. Of course, the abandonment of the special tax should not be considered an amendment of policy, although as leader of an electoral bloc Chernomyrdin simply could not fail to make use of such government steps for campaigning purposes.

IZVESTIYA was told by Economics Minister Yevgeniy Yasin that financial stabilization remains the government's priority task.

From this we can conclude that major turnarounds are really not part of the government's immediate plans. The only thing that, in the minister's opinion, could be interpreted as a type of amendment would be the transition to a new stage of reform focused on the creation of conditions for investment activity. The decision on the savings loan bond is one step in that direction.

It is obvious that we will have to repeatedly reexamine certain statements from top statesmen exclusively from the standpoint of the forthcoming parliamentary elections and make appropriate allowances ourselves. Or, if you prefer, amendments.

'Our Home' Seeks Poll Boost From Economic Upturn

MM1508084995 Moscow IZVESTIYA in Russian 15 Aug 95 p 2

[Article by Albert Plutnik: "'Home' That Wants To Complete Building of Russia"]

[FBIS Translated Text] In order to correctly assess the tenor and meaning of some of Premier V. Chernomyrdin's statements at last Saturday's second congress of the "Russia Is Our Home" sociopolitical movement in Moscow, you very likely need to constantly keep sight of one important fact. Namely, the coming elections.

They mark, as it were, the final of Russia's political championship in which all participants — all blocs and associations — crave victory. On the eve of this kind of contest professional boxers, for instance, traditionally make belligerent speeches, praise their own merits, and subject their rivals to blistering criticism. In short, psychological warfare is waged within the bounds of legal and moral norms.

Naturally, in his keynote speech the premier, who is also the chairman of this movement, emphasized the positive changes in the political and economic situation, which present the executive in a beneficial light. According to him, even the brief period that has elapsed since the first constituent forum — just three months — has shown that Russia's advance towards recovery, toward fulfilling the people's hopes is no mirage, no sick fantasy, but a real trend borne out by such an inexorable thing as fact.

The keynote speaker, who has the highest rating of all Russian politicians, cited statistics once again reiterating the idea repeatedly heard from high-ranking government officials of economic stabilization and, furthermore, spoke of growth in production. In July, the movement's chairman said, 2-percent growth in production on last July was once again recorded. And he added: "People may say that 2 percent is not a [significant] figure. I agree, but I do think that a small amount of growth is better than a large slump...." Aware that for the overwhelming majority this kind of upsurge is intangible and can hardly be a crucial trump card in the fight for votes, the chairman of "Russia Is Our Home" addressed another sphere of sociopolitical life. "The state," he noted, "has begun to be more sensitive toward people. It is no longer Pushkin's Bronze Horseman, ruthless and deaf to human endeavor." A small note regarding the organization of the congress' work would not be out of place when it comes to confirming this idea. The congress opened at midday since early in the morning the participants — 512 delegates representing 80 regions of the country — visited servicemen injured in Chechnya who are undergoing treatment at the Vishnevskiy and Burdenko Hospitals.

It was obvious that the premier is trying to share the government's achievements — among which he ranked the halting of hostilities in Chechnya first — with the movement which he heads, while at the same time guarding it against the mistakes and miscalculations made by the authorities. Undoubtedly, the quest for a solution to what is, to put it mildly, an ambiguous, challenging situation dictated V. Chernomyrdin's recent assertion in Krasnogorsk where he said that the movement does not melt seamlessly into the government, does not unconditionally support any of its actions as a whole or

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those of individual ministers, and is keeping its distance and employing its right to both criticize and provide support where it thinks necessary.

Aware that as one of the country's top leaders he, unlike opposition leaders, is not entitled to get carried away with his criticism of the authorities' policy, which is such a winner in the eyes of many future voters (since otherwise the authorities would seem to be opposing themselves), the premier is speaking of changes to the ideology of reforms, the cornerstone of which he is proclaiming to be the idea of stimulating the accumulation of national capital in order to ensure stable economic growth and economic security for Russia.

As for V. Chernomyrdin's extremely optimistic opinions as to the election results for "Russia Is Our Home," which many people do not find entirely justified and consider as all but evidence of destructive self-confidence if not complacency — like that shown by Gaydar in the past — a tactic chosen on the eve of the aforementioned "political final" manifested itself most noticeably here. The core of the psychological attack should evidently be considered the statement that "Russia Is Our Home" simply sees no serious competition in the December election since "there are those who are eager and those who talk a great deal, but who are not very able" and that it has been decided to perpetuate a movement that was ostensibly set up on a temporary basis — it will become a party and promises beyond a shadow of a doubt to become an influential political force. Admittedly, if all the other blocs and associations that intend to take part in the elections seize this initiative, Russia may lead the world in terms of the number of parties per capita as it already seems to have done when it comes to the number of presidents.

But one should not forget that for the opposition all policy boils down in our conditions to the art of oratory. The policy of the authorities is only half of it. The rest is made up of the deeds by which it is judged and by which it should judge itself. Here I must point out that the authorities are having plenty of difficulties, which was also highlighted at the congress held by the "party of power." (One should not confine oneself to writing a program and an anthem). Life for millions and millions of people is becoming no easier. Trouble is also being caused by the uncompromising Chechens and by regions which are taking an opportunity to demand a ransom, as it were — payment of subsidy arrears — in return for their electoral support. If you remember that only 29 of Russia's 88 territories are not subsidized clearly such demands may be excessive. There is not that much time left to harmonize relations.

Judging by the makeup of the participants and visitors to the congress, the movement's aims and program may gather together the most varied people, including those whose political tastes do not seem compatible — from Marshal of the Soviet Union V. Kulikov to movie director A. Mikhalkov-Konchalovskiy. When I asked what brought him to the "Rossiya" Concert Hall where a political assembly rather than a concert was being held, N. Petrov said: "In my view, if this movement gives us an opportunity to walk about our home without a helmet and a bulletproof vest, that is no small achievement."

Only the future will tell how well-founded these and contradictory opinions are.

Ryzhkov Against Links With Nationalist Groups

LD1408191995 Moscow INTERFAX in English 1806 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — Former Soviet Prime Minister Nikolay Ryzhkov, who leads the Power to the People election bloc, is opposed to the idea of forming an alliance with nationalist groups. "I will never agree to the idea of forging a nationalist bloc," he told INTERFAX Monday.

He was commenting on reports of possible cooperation between his own bloc and groups such as the Russian National Assembly led by former KGB General Aleksandr Sterligov.

Ryzhkov said Russia was a country of 140 nationalities and that the ethnic issue was like a powder keg which might blow up worse than Chechnya.

The Ryzhkov-led alliance includes the Pan-Russian Union (led by Sergey Baburin), the Officers Union (Stanislav Terekhov), the Mothers for Social Justice movement and others.

It was agreed Baburin would come second after Ryzhkov on the alliance's list of candidates.

Ryzhkov also spoke of planning to run in one of the single mandate constituencies but he was still to make up his mind because of several proposals made from different parts of Russia.

Official on Candidate Nomination Procedures

MM1408155695 Moscow ROSSIYSKIYE VESTI Saturday Edition in Russian 12 Aug 95 p 3

[Unattributed account of interview with Aleksandr Veshnyakov, Russian Federation Central Electoral Commission secretary, under the "Elections: Questions and Answers" rubric; place and date not given: "There Is No Point in Rushing the Start of All the Election

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Hustle and Bustle" — first paragraph is ROSSIYSKIYE VESTI introduction]

[FBIS Translated Text] Central Electoral Commission Secretary Aleksandr Veshnyakov comments below on problems of interest to those who will be campaigning for votes in the upcoming elections.

[ROSSIYSKIYE VESTI] Is it possible to hold congresses (conferences) of public movements and parties to nominate prospective deputies right now?

[Veshnyakov] Russia-wide public associations registered by the Russian Federation Ministry of Justice prior to 17 June 1995 and whose statutes provide for participation in elections to organs of state power can now hold their congresses to nominate candidates for the federal list. But these congresses may not nominate candidates for single-seat districts until the list of single-seat electoral districts is published by the Central Electoral Commission.

[ROSSIYSKIYE VESTI] What is the procedure for the creation and registration of electoral blocs and the nomination of prospective deputies by an electoral bloc?

[Veshnyakov] Electoral blocs can be formed by at least two Russia-wide public associations each of which is an electoral association.

The process of setting up an electoral bloc starts with the leading organs of Russia-wide public associations agreeing to do so. Every public association intending to join an electoral bloc must discuss this question at its congress. The congress's decision may be adopted by show of hands or secret ballot depending on the requirements of the public association's statutes.

At its congress the public association nominates representatives authorized in accordance with the Federal Law on the Election of Deputies to represent the electoral association, including representing it during the adoption of the joint decision by the public associations to set up an electoral bloc. The congress decision to nominate authorized representatives may be adopted by a show of hands. The decision must specify the right of authorized representatives to sign the joint decision forming the electoral bloc and their surname, forename, patronymic, and position held in the public association.

The joint decision of the public associations to set up an electoral bloc is signed by the authorized representatives of the public associations and is certified by the public associations' seals. It is essential to bear in mind that a Russia-wide association cannot, if it joins an electoral bloc, operate as an autonomous electoral association or join another electoral bloc during the election period.

After the electoral bloc has been registered by the Russian Federation Central Electoral Commission and the list of single-seat electoral districts has been published by it the electoral bloc can hold a joint congress at which the question of nominating candidates in single-seat districts and the question of the federal list of candidates for the federal electoral district can be resolved.

The decision of the electoral bloc's congress on the nomination of candidates and the lists of candidates must be made solely by secret ballot.

In accordance with Section Four of Article 37 of the Federal Law on the Election of Deputies the federal list of candidates must be broken down either in whole or in part into at least two regional groups of candidates (in terms of components of the Russian Federation or groups of components of the Russian Federation). There can be no more than 12 candidates in the section of the list containing candidates who are not part of regional groups. The total number of candidates nominated by electoral blocs for the federal electoral district must not exceed 270.

Documents establishing the legitimacy of an electoral bloc's authorized representatives shall be submitted to the Russian Federation Central Electoral Commission at the same time as the lists of candidates.

The Russian Federation Central Electoral Commission shall examine the submitted documents and issue within three days to the electoral bloc's authorized representative certified copies of the lists of candidates (after which signatures in support of them can start to be collected) or a justified reason for refusing to issue such.

'Forward, Russia!' Confirms Election Candidates

LD1408143595 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 14 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] Boris Fedorov's "Forward, Russia!" sociopolitical movement is holding its congress today. It is confirming the federal list of candidates at the elections to the State Duma in December.

[Correspondent Sergey Suntsov] The movement's leader, Boris Fedorov, put forward the names of the first three candidates on the federal lists: Fedorov himself, Bela Denisenko, and Aleksandr Vladislavlev. The candidature of Vladislavlev, who was recently a comrade in arms of Arkadiy Volskiy, certainly came as a surprise to the delegates who represented 50 regions. This alliance evidently emerged at the last minute as Vladislav's first name and patronymic were absent from the list containing his surname.

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Of the 12 people on the federal list eight are deputies in the State Duma. They are mainly people who set up the Union of 12 December group of deputies in the State Duma along with Fedorov. This caused a degree of concealed disappointment among the other delegates at the conference although reliance on people who won at the last elections and who are known in their constituencies should pay off. It should also be remembered that small blocs and associations do not have sufficient numbers of famous, recognizable people or the considerable financial means to back new people.

The "Forward, Russia!" public movement is now ready to field candidates in half of the country's constituencies. Fedorov called on his comrades in arms to start an active electoral campaign by collecting signatures of support for the association since, in Fedorov's opinion, the state of the political forces as a whole will become clear by 1 November. He said that during the campaign the stress should be on attack.

[Begin Fedorov recording] We do not intend to pretend that we do not know the sins, if you like, which lie behind many political parties and movements. Therefore we should attack, but our attack should be professional, our attack should be cool, our attack should be balanced, if you know what I mean. [end recording]

Yeltsin Aide Views Electoral Boundaries Law

LD1408173995 Moscow INTERFAX in English 1640 GMT 14 Aug 95

[Report by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin — from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The law providing for a new map of electoral district boundaries "to the largest possible extent responds to democratic standards regarding representation," the Russian president's adviser on political issues, Georgiy Satarov, told INTERFAX today.

With regards to the State Duma's overriding the Federation Council's veto on the law on confirming the scheme of single-mandate constituencies for elections to the State Duma, Satarov said that "the less the difference in the number of residents in electoral districts is, the more fully election results will reflect the true balance of forces."

Under this law, the number of voters in all electoral districts must be nearly equal and the maximum difference in the number of voters in various electoral districts must not exceed 10 percent.

Chairman of the Russian Central Election Commission Nikolay Ryabov earlier told INTERFAX that President Boris Yeltsin was unlikely to delay the new law's signing. Under Russian legislation, the president must sign laws within 14 days. After this electoral organizations can begin proposing candidates to single-mandate constituencies.

Muslim Conference Ends, Political Group Formed

LD1408121895 Moscow Russian Television Network in Russian 1000 GMT 14 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Until recently, Russia's Muslims had no nationwide political organization of their own to protect their political, economic, and social interests. But now an organization of this kind has come into being. A conference of the all-Russian public political movement, the Union of Muslims of Russia [Soyuz Musulman Rossii, SMR] ended in Sibay in Bashkiria. [video cuts to report by correspondent A. Dubnov]

[Dubnov] For the first time in the past 80 years Russia's Muslim organizations intend to put forward their own candidates in the Duma elections.

At the SMR's nationwide conference in Sibay the election issue was among the main ones discussed. Today's SMR is a direct successor of the Union of Muslims which started operating in 1905 as the first secular Islamic organization protecting the interests of the Muslims of the Russian empire and acted until 1917 as a separate faction in the Duma.

Today's contenders do not expect to form a faction of their own, although some surprises cannot be ruled out. [video shows delegates, conference proceedings; video cuts to show A. Niyazov, director general of Russia's Islamic cultural center, identified by screen caption, speaking to camera]

[Begin Niyazov recording] I believe the elections will be a good school for us. We are optimistic about the election results because we are confident that most of Russia's Muslims — that is, about 20 million of our compatriots — will cast their votes for our movement. [end recording] [video cuts to show A. Khalitov, secretary general of the Union of Muslims of Russia, identified by screen caption, speaking to camera]

[Begin Khalitov recording] There will now be literally a landslide of organizations being set up in all the regions of our country. The main thing is that we managed to persuade our people that isolationism is bad for the Muslims. [end recording]

The SMR already has branches in 50 regions. It has no clear-cut political orientation. The union brings together the Right and the Left. Its main purpose is to represent Muslim interests. Political, economic,

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and cultural rights of the people professing Islam are insufficiently represented at all levels, and in some regions they are even being infringed, the conference in Sibay was told.

As for interethnic conflicts, particularly in those republics where Islam is the principal religion, it is Islam that, according to the delegates at the conference, can become a unifying factor. They believe that Islam can help avert and forestall many interethnic disagreements.

Attempts to use the Islamic factor for political purposes in Russia have been unsuccessful until recently. But following the events in Tajikistan and in Chechnya the Islamic factor is beginning to play an increasingly important part in politics.

Elite 'Alpha' Team Transferred Back to FSB

MK1408070895 Moscow SEGODNYA in Russian 12 Aug 95 p 1

[Report by Igor Dvinskiy: "Alpha Back to Its Home Headquarters. Elite Detachment Has Followed General Barsukov to Lubyanka"]

[FBIS Translated Text] Yesterday the editorial board managed to obtain official confirmation of rumors which had long been circulating in the corridors of the special services. This concerns a transfer of the renowned A-Detachment — best known as the antiterrorist Alpha Group — from the command of the Russian Federation Main Protection Directorate [GUO] to the Federal Security Service of Russia [FSB]. It will be recalled that in 1991, in the wake of the August events, Alpha was detached from the Lubyanka structure and put under direct command of the USSR president. Boris Yeltsin, who replaced Gorbachev, made Alpha an organic detachment of Mr. Barsukov's service after establishing the Main Protection Directorate in 1992.

The rumors of the A-Detachment's return to the lap of Lubyanka had been widespread among journalists and the special services staff for about a year and a half or two years. With Mr. Barsukov's appointment as FSB director, the information appeared fairly plausible. Not earlier than yesterday, however, Mr. Devyatov, the GUO press secretary, confirmed the fact that there exists an order, "stamped" by Yeltsin, on Alpha's assignment to the FSB.

There is no definite information as to which directorate the detachment will be assigned to. Most probably, this will be either the Directorate for Combating Terrorism or the Special Operations Directorate.

Alpha's return to Lubyanka perhaps signifies the personal involvement of Mr. Barsukov, the incumbent FSB director, who would like to have that stalwart detachment on hand, after his withdrawal from the GUO. Those who accept this view believe that the reshuffle was carried out with Mr. Korzhakov's direct assistance. According to another viewpoint, "common sense and objective necessity" prevailed in the Kremlin, as Alpha, which had been set up to cope with specific problems facing the Lubyanka authorities, failed to fit in to the GUO framework.

According to sources close to the GUO, all that has happened is related to a fundamental reorganization of the GUO structure, and Alpha's transfer to the FSB is far from being the main stage in the process.

Energy Industry's Winter Preparations Criticized

LD1408192295 Moscow INTERFAX in English 1806 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — The Russian government commission on operative issues held a meeting in Moscow Monday, at which it characterized the energy industry's preparation for winter in several regions as unsatisfactory. According to a resolution of the commission, the worst situation is in the procurement of necessary reserves of fuel.

Lagging behind schedule in procuring coal and fuel oil is due to lack of funds. The commission charged the Fuel and Energy, Economy and Finances Ministries with working out a schedule of providing 1.3 trillion rubles from the federal fund for financial support of seasonal procurement of fuel at electric power stations. The schedule must be presented to the government within a week.

In addition, 262 billion rubles from the federal budget are to be provided to Far East regions as a compensation for energy tariffs.

According to the Fuel and Energy Ministry, the payments crisis is the energy industry's worst problem. Debit indebtedness reached 33.7 trillion rubles by July 1.

Military & Nuclear Issues

Duma's Gaydar Comments on Army Reform

LD1408180095 Moscow Mayak Radio Network in Russian 1530 GMT 14 Aug 95

[FBIS Translated Text] State Duma Deputy Yegor Gaydar, head of the Russia's Choice grouping, expressed his opinion on the future of the Russian state and the reform of the army.

[Begin recording] [Gaydar] We feel sure that the most dangerous thing that can be done in the army today is to

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replace the serious measures relating to military reform by ignominious measures that have not been properly thought out and are pointless.

One should not praise everything that the Bolsheviks did, but in their time the Bolsheviks carried out military reform in a splendid manner after the civil war, having drastically reduced the numbers of the Armed Forces in 1924-1925, while preserving their fighting efficiency. This is precisely what the current leadership of the Ministry of Defense is completely capable of doing.

Every year the Ministry of Defense application for financial resources [words indistinct] is equivalent to approximately all the planned incomes of the budget, all of them, I stress. That is how it was in 1993, 1994, and 1995. [words indistinct] It is quite obvious to everyone that this is impossible in our country. Everyone understands that. But to draw a conclusion from that and understand that we need an army that has less manpower and that does not have such a huge natural economy, a network of structures in which conscripts serve, dozens of military collective farms, state farms, construction battalions, and a large number of partly manned divisions. But we need a more compact army, and therefore we will be financing an army in which officers enjoy normal conditions of service; in which mothers allow their sons to join in a normal manner because there is control, discipline, and normal everyday conditions for the soldiers; which gradually and consistently becomes a professional one; which can afford to purchase up-to-date arms, and which has money for normal combat training. This is the only army that is within our country's capability and with the combat efficiency to protect its security.

The transition to an army manned completely by staff on contract will need time. At the same time, we think that we have to set ourselves this goal. We can and should set it.

[Correspondent] But, Igor Timurovich, huge numbers of people will be released who perhaps have no other skills.

[Gaydar] In actual fact, if you examine the actual structure of the Armed Forces, you will see that reducing the army is of paramount importance to junior officers at the present time. What have we got? We really do have far too many generals. There are generals in the field, and incidentally, according to the proposal that was drawn up, the number of posts of generals proper is being increased on the level of brigade commanders. But drastic cuts, qualitative cuts are being made in the numbers of generals at the headquarters.

But there is no problem with an excess of junior officers. Just remember last year, remember the president's edict when graduates from institutions of higher education were conscripted as junior officers. Moreover, they do not wish to serve as officers in conditions when the army is in such a state, when their future in society, social conditions for them are not provided for. Therefore, a more compact army does not mean heaps of fresh jobless junior officers. In actual fact, it means prospects, normal, conceivable, stable prospects for those who start to (?serve). Naturally, some reorganization of military education will be needed... [interview cuts off due to break in transmission] [end recording]

Chemical Protection Troops Profiled

MM1408154995 Moscow Russian Public Television First Channel Network in Russian 0730 GMT 13 Aug 95

[Video report by Igor Prokopenko, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds; from the "Bearing Alpha" program]

[FBIS Translated Excerpt] [passage omitted] [075044] [Prokopenko, over video of training exercise at Kostroma Chemical Protection Higher Military Command College] This footage has been shot at the Kostroma Chemical Protection Higher Military Command College. There are two more chemical protection colleges — in Tambov and Saratov. Cadets study not only [word indistinct], but also handling various chemical substances, industrial as well as military substances, and coping in practically any situation.

The special units must be able to operate in any sort of conditions on land, in the water, and in the air.

This helicopter is designed for operational reconnaissance. The cabin incorporates a chemical laboratory.

Alas, all too often these troops are doing their learning in actual stricken areas rather than in laboratories. The latest example was the accident which occurred at the Tambov Chemical Combine 27 June this year. The special troops' prompt and efficient action alone helped to avoid an environmental catastrophe. [075153] [video shows troops on training exercise, interior of Kostroma Chemical Protection College, more troops wading through water, interior of specialized helicopter, aftermath of accident at Tambov Chemical Combine, men in protective clothing engaged in clearing up operation] [passage omitted]

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Yeltsin Rejects Law on Chernobyl Victims

LD1408143495 Moscow Radio Rossii Network in Russian 1300 GMT 14 Aug 95

[FBIS Translated Text] The Russian president turned down the federal law on introducing amendments and addendums to the law on social protection of people exposed to radiation as a result of the Chernobyl nuclear power station disaster.

The president's press service reports that Boris Yeltsin said he made this decision because some provisions of the document contravened the country's Constitution.

Yeltsin Signs Law To Rename Secret Nuclear Base

LD1408172195 Moscow ITAR-TASS in English 1659 GMT 14 Aug 95

[By Veronika Romanenkova]

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — Russian President Boris Yeltsin on Monday signed a federal law to return the ancient name of Sarov to a city which has for over three centuries been a Russian religious centre and for nearly 40 years a secret base charged with developing the Soviet "nuclear shield."

Arzamas-16, established in 1946 as the hub of Soviet nuclear research, remained secret until the launch of the first spy satellites. It still hosts a federal nuclear research centre and a warheads-assembling plant, both operating under tight security controls.

Some experts believe that the history of the locality dates back to the 12th century. In 1706, it witnessed the creation of a monastery, known as Sarovskaya Pustyn, one of which monks, Saint Seraphim of Sarov, was then canonised for his extraordinary prophetic gift. In 1994, the city was renamed into Kremlyov.

Federal Assembly

Duma Issues Statement on 'Croatian Aggression'

LD1208152395 Moscow ITAR-TASS World Service in Russian 1436 GMT 12 Aug 95

[By Ivan Novikov]

[FBIS Translated Text] Moscow, 12 August (ITAR-TASS) — The State Duma has adopted the statement "On Aggression of the Republic of Croatia and Its Consequences." The deputies voted for it at their emergency session.

The lower chamber of the Russian parliament demanded that genocide against the Serb people be stopped, a safe evacuation of the civilian population from the fighting zone be guaranteed, and comprehensive humanitarian aid be provided for them.

The deputies stressed that "there is no military solution to the Yugoslav crisis." The chamber called on all the parties to the conflict to sit down at a negotiating table. It insistently recommended that the Russian Ministry of Foreign Affairs be guided in its activity in the Balkans by a firm position repeatedly demonstrated by President Boris Yeltsin and also maintained in the Federal Assembly documents.

The State Duma is in favor of ending the boycott of the Bosnian Serbs and thinks they should be represented at all forums at which the fate of the former Yugoslav Republic of Bosnia-Herzegovina is being decided.

Further Details on Statement

LD1108174395 Moscow ITAR-TASS in English 1711 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, August 11 (ITAR-TASS) — The Croatian army's armed action against the self-proclaimed republic of Serb Krajina is described as an act of aggression in a statement on the situation in Croatia circulated in the State Duma today. The statement was drafted by Duma deputies Konstantin Zatulin, Sergey Glazyev, Sergey Glotov, Natalia Zatsepina, Gennadiy Churkin and Aleksandr Vengerovskiy.

It is not yet clear whether the item entitled "On the Aggression by the Republic of Croatia and its Consequences" will be put on the agenda of the Duma session on Saturday.

The statement says that "the Croatian army armed in contravention to the embargo and trained by American specialists launched the seventh, large scale aggression against Serb Krajina which was under U.N. protection. Unlike the vents in Bosnia, neither the United Nations nor the world community as a whole reacted to the mass destruction of the Serb population. It was utter cynicism that the Croatian aggression was supported with NATO airstrikes."

The statement says "the greatest human and national tragedy in Europe since the end of World War II is playing before the eyes of entire mankind. The Serb people who suffered huge losses 50 years ago is suffering again at the hands of Croatian authorities. More than 200,000 Serbs have already left the land where they have lived for centuries."

The statement contains the demand that "genocide of the Serb people be stopped, and peaceful evacuation of civilians from the combat zone be ensured, and comprehensive humanitarian aid be provided."

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"In conditions of the on-going defiant aggressive actions of Croatia The State Duma of the Federal Assembly of the Russian Federation feels obliged to introduce in a legislative manner economic sanctions against the Republic of Croatia."

The statement points to the initiatives set forth in the Declaration of the State Duma "On Russia's stance on the present stage of the crisis in the Balkans and on initiatives for the Bosnian settlement" dated June 9, 1995 and already supported by parliament of the Serb republic as the basis for peace talks.

The statement contains a proposal for a State Duma appeal to the leadership of Yugoslavia and the Serb republic "to end all splits and infighting at a critical moment for the fate of the fraternal Serb people."

Duma, Congress Actions on FRY Sanctions Viewed

LD1308144895 Moscow INTERFAX in English 1223 GMT 13 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 12 (INTERFAX) — The decisions on Russia's withdrawal from the sanctions against Yugoslavia and on introduction of sanctions against Croatia adopted by the State Duma Saturday "are absolutely symmetrical" with the decisions of the American legislators. State Duma Chairman Ivan Rybkin expressed this opinion in an interview with INTERFAX after the chamber's extraordinary sitting.

"The U.S. Congress behaved in this way proposing to lift sanctions for import of arms to the Bosnian Moslems and the U.S. president has himself used his right how to deal with this decision presented by congressmen," Rybkin declared.

As it is known, U.S. President Bill Clinton has used the right for a veto with respect to this decision of the Congress.

As the Federation Council would hardly gather in the near two weeks, after these decrees are adopted by the State Duma "they will be forwarded to Boris Yeltsin and the president has the right either to sign them or, vice versa, in response to the actions of the United States, to behave in a corresponding way, symmetrically," Rybkin underlined.

"We have granted to the president an opportunity to choose his decision," Rybkin believes.

Duma Committee Formed in Defense of Latvia's Rubiks

LD1408164295 Moscow Mayak Radio Network in Russian 1530 GMT 14 Aug 95

[FBIS Translated Text] A public committee campaigning for the release of Alfred Rubiks, deputy of the Latvian Saeima, former head of the republican Communist Party, has been set up in Russia. This was announced at a briefing in the State Duma. The committee includes Nikolay Ryzhkov, former USSR prime minister, Sergey Baburin, Stanislav Terekhov, and Viktor Ilyukhin.

Regional Affairs

Kalmyk Presidency Extended; Investigation Pending

LD1408194795 Moscow NTV in Russian 1800 GMT 14 Aug 95

[From the "Segodnya" program]

[FBIS Translated Text] The Kalmyk parliament today decided to extend the powers of President Ilyumzhinov until the year 2000. Meanwhile, the Russian Federation Main Directorate for Organized Crime called for a criminal case to be instituted over the disappearance in Kalmykia of 10 billion rubles of state credit. The local corporation Kalmykia is mentioned in connection with the disappearing money. It is said that in the course of the investigation, even President Ilyumzhinov will be called for questioning.

Against this background, Ilyumzhinov presents himself to society as a very committed fighter against corruption and is working out new economic projects involving the same Kalmykia corporation.

[Correspondent Boris Perviy] Three years ago, the successful Russian businessman conducting his electoral campaign promised to build communism in Kalmykia and to make all the republic's inhabitants shareholders in thriving companies. Now instead, electronic money is being introduced in Elista. In two months, the authorities say, all trading points in the town will be equipped with the appropriate apparatus. But at present, only two people are able to avail themselves of electronic money in shops, the president himself and the head of the Kalmykia corporation.

At the same time, Ilyumzhinov amazes society with his new initiatives. For example, speaking at a public meeting in Elista, he proposed that hands be chopped off for theft. Only in the Middle East is crime dealt with in this way today. The president thinks this is necessary in order to maintain stability in the republic:

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[Begin Ilyumzhinov recording, interviewed in an office setting] I talk about crime all the time. The average Russian thinks that everything is fine and peaceful in Kalmykia. [end recording]

[Perviy] Ilyumzhinov explains his severity by recent instances of the theft of shepherds' livestock. The republic's parliament must now either disagree with the president or decide which hand a criminal should have chopped off, his left or right. This is Boris Perviy and Yelena Selivanova, especially for NTV from Kalmykia. [video shows archive footage of Ilyumzhinov's election campaign, Ilyumzhinov trying out a new banking machine, shepherds on horseback]

Ingush President Issues Edict Against Oil Thieves

LD1408210195 Moscow ITAR-TASS World Service in Russian 1614 GMT 14 Aug 95

[By Ruslan Maysigov]

[FBIS Translated Text] Nazran, 14 Aug (ITAR-TASS) — A mobile detachment for the protection of the oil and gas complex of Ingushetia will be set up in accordance with an edict signed by Ruslan Aushev, the president of the republic. The edict was made public today. It is pointed out in the edict that this decision is made in order to prevent theft and to maintain oil and gas pipelines and other oil and gas complex facilities in the Republic of Ingushetia in a working condition.

The ITAR-TASS correspondent has learned in the Ministry of Internal Affairs of Ingushetia that the cases of theft of oil and semi-processed petroleum products that have frequently taken place lately, have forced the representatives of the ministry to take tougher counter measures. An oil pipeline that was used to pump semi-processed gasoline has attracted the most attention among thieves. The owners of gasoline stations have earned good income from selling raw gasoline. It is thought that in the first six months of the current year, as a result of the theft of oil products, the oil complex and the republic as a whole have suffered losses that are estimated at over 900 million rubles.

Surrendering Weapons Rewarded in Tatarstan

LD1408165795 Moscow INTERFAX in English 1515 GMT 14 Aug 95

[FBIS Transcribed Text] KAZAN, Aug 14 (INTERFAX-EURASIA) — The residents of Tatarstan, a constituent republic of Russia, will be rewarded five to 10 minimum wages for weapons they voluntarily surrender. An official in the republic's government told INTERFAX-EURASIA that this offer is made in a government ordinance aimed at preventing illegal trade in arms.

Those who hand over illegal firearms, gas pistols, knives or swords, munition, and explosive will not be prosecuted for their possession.

A surrendering a hand grenade is rewarded with 10 minimum wages, while information on the illegal storage of arms will bring the informant one half of the reward.

The minimum wage in Tatarstan is 110,000 rubles.

Federal Border Service Director Visits Kaliningrad

LD1408201095 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 14 Aug 95

[Report by correspondent Stanislav Chekalin]

[FBIS Translated Text] Andrey Nikolayev, director of the Federal Border Service, spent the beginning of the week visiting the units and ships of the Kaliningrad group of border troops. This military formation is unique, for here the guards of the Russian borders have encircled by border posts a small island of national territory surrounded by foreign states. Speaking at the Potsdam-Lithuania conference in Vilnius the other day [Vytautas] Landsbergis, head of the parliamentary opposition, once again raised the issue of demilitarizing the region, eliminating the borders, and integrating the region in the so-called European home. Other Western politicians are making similar statements, too, and Kaliningrad residents cannot remain indifferent to this trend.

[Begin Nikolayev recording] As regards the existence and inviolability of the borders nobody should have any doubts on this account. It is very important to combine the interests, observe absolutely the interests of the Russian Federation without adversely contrasting them with the interests of other states. Incidentally, this is a general line to which the Russian president and the Russian Government adhere. [end recording]

Diamond Firm Elects Yakut Vice President as Head

MK1508091295 Moscow KOMMERSANT-DAILY in Russian 12 Aug 95 p 1

[Report by Vladimir Teslenko: "Russia's Largest Diamond Company Replaces Its President"]

[FBIS Translated Text] An emergency meeting of shareholders of the "Almazy Rossii-Sakha" ["Russian Diamonds-Sakha"] company ended in Mirnyy yesterday [11 August] with the adoption of fairly serious decisions. By an overwhelming majority, the shareholders evaluated the performance of the board's financial services under Semen Zelberg, vice president of the company, as unsatisfactory. The meeting also made changes

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in the company's top echelon: Outgoing President Andrey Kirillin was replaced by Yakutia Vice President Vyacheslav Shtyrov, who had up to then held the post of chairman of the company's supervisory council. The newly elected president was tasked with effecting a drastic restructuring of the financial-economic services within one month.

Andrey Kirillin, president of "Almazy Rossii-Sakha," had discussed the possibility of his resignation for health reasons for nearly six months. On the eve of the meeting, Yakutia President Mikhail Nikolayev met with a group of the company's executive officers to discuss personnel questions. Kirillin's replacement had been authorized, and a day later, it was approved by the shareholders' meeting. Andrey Kirillin took up the honorary post of part-time supervisory council member. Vyacheslav Shtyrov was elected company president.

Vyacheslav Shtyrov was born in 1953 in Yakutia into a naval officer's family (his father is now a rear admiral in the Far Eastern Fleet). In 1975, after graduating from the Far Eastern Polytechnic Institute as a civil engineering major, he started out on his career in the construction industry: He rose through the ranks from foreman to construction minister of Yakutia. In 1991, after finishing postgraduate studies at the CPSU Central Committee's Social Sciences Academy, he defended a candidate's dissertation. Since 1991, he has been Yakutia's vice president.

The meeting also discussed the question of approving provisional regulations on the assignment of stocks. A total of 23 percent of the company's authorized capital is owned by individuals, company employees, and pensioners. A year ago, the company decided to convert the 23-percent shareholding, which had formerly been trust-managed by the "Almazy Yakutii" ["Yakutia Diamonds"] company. The meeting discussed technical matters relating to the sale of shares by the workers.

The main and most contentious item on the agenda was the consideration of the company's financial status. At the previous shareholders' meeting (see KOMMERSANT-DAILY of 28 April), the company's 1995 financial plan was rejected as lacking polish. The new version was also subjected to serious criticism. By an overwhelming majority of votes (56,400 against 224), the meeting decided to reorganize the company's financial-economic services. Their structure is likely to be changed seriously — and the management, reshuffled. The new financial team is expected to be able to submit to the shareholders an acceptable 1995 budget by October. Evidently, the efficiency of the financial services' performance will depend on the person who heads them; it should be ex officio the company's vice president. According to available information, a number of candidates to this post are now being considered, including foreign specialists.

Vyacheslav Shtyrov, newly elected president of the company, will be reorganizing the financial services at a time when the company is going through a fairly difficult period. It has been operating without a financial plan for more than six months now. In addition, the Russian president's recent decision to increase Yakutia's share in the purchase of diamond production from 20 to 25 percent (at face value) has made the company face the prospect of annual losses to the tune of about $30 million.

If Shtyrov manages to solve these problems within the next few months, he will gain the necessary authority to participate in the solution of other, more serious ones, such as coordination of the parameters of a federal program for the development of the diamond industry and the search for a compromise with De Beers, a diamond monopoly, with regard to the line of conduct on the world diamond market after 1995.

Reportage on Regional Political Parties, Movements

Rybkin Movement Introduced to St. Petersburg

MK1408082295 Moscow KOMMERSANT-DAILY in Russian 12 Aug 95 p 3

[Report by Igor Arkhipov: "Former Bolsheviks Expose Today's Bolsheviks"]

[FBIS Translated Text] Vladimir Shcherbakov, vice president of the "Russian Business Roundtable" and chairman of the Russian United Industrial Party, paid a visit to St. Petersburg the other day. The visit to the northern capital, billed at first as being connected to the death of "Roundtable" president Ivan Kivelidi, turned out to be a pure election campaign exercise. There was unveiled, with Shcherbakov's participation, a branch of the Rybkin movement, formed in St. Petersburg shortly before the visit as a regional branch of the Industrial Party of the left-of-center bloc. In his speeches, Shcherbakov, a former member of the CPSU Central Committee, stressed that he would be exposing with special care the "neo-Bolshevik essence" of the present government and the "Russia Is Our Home" movement.

Antigovernment motives were especially eye-catching in the "program for the revival of national industry as it should exist in a great country," read out by Shcherbakov. The president of the "Interprivatizatsiya" fund attaches key importance to reviving investment

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policy and rejecting monetarism. In his opinion, it is possible to find sources for investing in production. This would, in particular, require a sweeping reform of the tax system: "The main taxes should come from what is given free — [natural] resources. Rents for oil and gas should be raised to the maximum to stop up the holes in the economy with them!"

Shcherbakov also sees a "neo-Bolshevik approach" in the Chernomyrdin cabinet in that "we have lost entire markets in Asia and Africa for the benefit of political expediency, only because we do not like some people's faces." But most importantly, in the view of the Industrial Party leader, "it is useless to curry favor with the "sevens and eights," begging for some crumbs — the problem of investments will be solved not by the Clintons and Kohls, but only by Western private capital." However, the absence in Russia of corresponding political guarantees prevents the inflow of Western investments. Naturally, Shcherbakov cited an incident involving the "Interprivatizatsiya" fund he heads: "The president swished the sword, he abolished by edict all the preferences in export-import operations, and the fund was forced to freeze three projects at once!"

As for the branch of the left-of-center bloc in St. Petersburg, nine organizations have indicated a desire to join it: the Union of Industrialists and Entrepreneurs of St. Petersburg, led by the former boss of the Baltic Shipping Lines, Viktor Kharchenko; the city section of the "Russian Business Roundtable;" the Industrial Party section (about 3,000 members); the Federation of Independent Trade Unions; the "Military Brotherhood" movement; and the Union of Realists, led by the disgraced vice mayor, Rear Admiral Vyacheslav Shcherbakov.

Assessing the prospects of this coalition, it should be noted that only Vyacheslav Shcherbakov has successful election experience. As for Kharchenko, for example, the "Delovoy Peterburg" [Business Petersburg] association he created did not win a single seat with its candidates running in all 50 constituencies in the 1994 elections for the city assembly. According to KOMMERSANT-DAILY's information, the just-created bloc is intended only as a political springboard to propel "Realist" Vyacheslav Shcherbakov into the mayor's seat.

Leftist Groups in Omsk Form United Bloc

MM1508091595 Moscow PRAVDA in Russian 12 Aug 95 p 1

[Report by Dmitriy Gutenev: "Left-Wingers Smoke 'Peace Pipe'"]

[FBIS Translated Text] Omsk — It has taken two months to unite the Omsk left-wing opposition into a united bloc called "Soviet People's Power." The bloc has been founded by the Communist Party of the Russian Federation Oblast Committee, the Omsk Trade Union Federation Council, the "Russian Socialist Scientists" Society, and some of the oblast veterans council who did not support their leaders who joined the "Omskoye Priirtyshye" branch of "Russia Is Our Home".

The new movement's policy document states that it is necessary to establish people's power in the form of soviets by means of democratic elections. The founders, who have finally surmounted their differences, reckon that the bloc will be the main opponent to "Omskoye Priirtyshye."

Its ideas, judging from a statement published in the local press, enjoy the sympathy of the "Oblast Agrarian Movement," which includes many branches of the Agrarian Union and Agrarian Party, rural trade unions, and the Cooperative Party. Rhetoric is all very well, but the agricultural officials who are part of its leadership are dependent on the executive.

Meanwhile, the "homesteaders" are using the full might of the TV, radio, and the press to begin the mass brainwashing of the voters. But the left-wing opposition hopes that it will be helped by the results of the executive authorities' rule over the past few years. Having smoked the "peace pipe," the founders are now holding consultations on unified candidates for State Duma seats.

Chelyabinsk Politics Reflects Moscow Infighting

MM1508102295 Moscow IZVESTIYA in Russian 11 Aug 95 p 2

[Article by Aleksey Radzishevskiy and Aleksandr Sokolov of IZVESTIYA's Analysis Center under the "Russia Far From the Kremlin" rubric: "Chelyabinsk Design in Interior of 'Our Home'"]

[FBIS Translated Text] Central Electoral Commission Chairman Nikolay Ryabov has suggested that Chelyabinsk Oblast Duma deputies relinquish their powers early prior to the Russian Federation State Duma elections in December 1995. He believes that combining the elections of deputies at federal and

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oblast level will allow the local budget to save tens of billions of rubles.

Two things stand out in this report, carried by the YeAN agency. First, the Central Electoral Commission chairman's direct appeal to regional legislators is not entirely proper, especially on such a specific question. On the other hand, it seems that nothing is forcing the Duma to commit such "self-immolation:" The Chelyabinsk legislators have been fulfilling their duties for only just over a year. The concern shown for the people's money by the housekeeper from the Central Electoral Commission is extremely laudable, but it is unlikely to be the only thing that lies behind the desire for new Duma elections.

Chelyabinsk Oblast has had its fair share of attention from federal authorities and the capital's politicians. Let us recall that it was here that "Russia Is Our Home" began. The oblast's political life perfectly illustrates Russian national affairs, while revealing extremely specific peculiarities.

In October 1991 the president appointed Vadim Solovyev head of the administration. Despite the wishes of most of the oblast's parliamentarians to see Petr Sumin, their own chairman, in this post.

The situation in the region became inflamed. The entirely predictable confrontation between authorities, or to be more precise between the two leaders who once replaced each other in Komsomol [All Union Lenin Communist Youth League] and party posts, has begun. The Solovyev and Sumin groupings thus formed have entered into permanent conflict.

In April 1993 the local parliament expressed its lack of confidence in Solovyev for "pursuing an anti-people policy" and decided to hold the election for head of administration simultaneously with a nationwide plebiscite. The oblast court ruled this decision unlawful, but Sumin was elected, and the Constitutional Court decreed that he be deemed the legitimate governor. In response Solovyev strengthened security at offices.

The "Chelyabinsk revolution" did not take place. The oblast's power structures took Solovyev's side and confrontation between the authorities intensified in Moscow. Staunch Khasbulatov supporter Sumin lost to Yeltsin supporter Solovyev, who enjoyed the Kremlin's support. The events of October 1993 then completely removed the then oblast soviet.

Meanwhile a new force entered the fray — the Union of Industrialists and Entrepreneurs. The local duma was headed by Vyacheslav Skvortsov, who was completely loyal to the head of administration. But even this did not defuse the conflict between the governor and the legislator.

Preparations for the State Duma elections rekindled the fire that was about to die out. As did Ryabov with his initiative regarding new oblast duma elections.

The Union of Industrialists and Entrepreneurs headed by Anatoliy Starikov is now increasingly confidently ruling the roost in the oblast. Entrepreneurs are cooperating with Solovyev's administration on many questions, notably within the framework of the "Russia Is Our Home" movement. The reason is clear: Both groupings are risking a clash in the December elections with a very serious opponent in the form of the "For the Revival of the Urals" movement, which unites sizable forces — the CPRF [Communist Party of the Russian Federation], RCWP [Russian Communist Workers' Party], oblast branches of the Russian Party of Communists, the All-Union Communist Party (Bolsheviks), and "Working Chelyabinsk" headed by the "outcast" Sumin.

Nevertheless mutual relations between the Solovyev administration and the Union of Industrialists are by no means serene. It is not a monolithic union but merely an enforced partnership.

The governor is still in conflict with the duma, where the Union of Industrialists has a majority. Ryabov's initiative could make the situation worse yet again. And it is bad enough as it is.

The governor is still supported by the Presidential Staff. His friends and rivals seemingly prefer to deal with Viktor Chernomyrdin. It is not irrelevant to note that the "Russia Is Our Home" movement began with the premier's speech in Magnitogorsk and that "Magnitogorsk grouping" leader Starikov is one of the most active "Russia Is Our Home" organizers on a Russia-wide scale. He could quite easily agree to hold new oblast duma elections in December, because victory in the federal and regional duma elections will open up a direct route to the governorship. But it is a very big risk. Internal squabbling among the centrists could make it easier for left-wingers to get into power.

In any case the situation in Chelyabinsk Oblast reflects the extremely difficult mutual relations between various political forces in Moscow itself. Or to be more precise, in the "Kremlin [president]-Staraya Ploshchad [Presidential Staff]- Krasnopresnenskaya Naberezhnaya [Council of Ministers]" triangle.

Mordovian Sociopolitical Attitudes Surveyed

MM1508093995 Moscow ROSSIYSKAYA GAZETA in Russian 11 Aug 95 p 2

[Article by Anna Kozyreva under the "Routes to Power" rubric: "Moscow-Style Reforms Inappropriate to Saransk. In Saransk Number of People Opposed to

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Private Ownership Has Almost Tripled and 63 Percent of People Are Not Favorably Disposed Toward Foreign Investment"]

[FBIS Translated Excerpt] Saransk, Moscow — Saransk is in the Moscow time zone. But, arriving here, you cannot help but feel that the clocks have been turned back. It was as if I had ended up in the capital of a soviet socialist republic. Apartment block balconies were faced with panels sporting stars in an oak-leaf surround and there were huge posters everywhere executed in the socialist style. The main feature of post-reform Moscow — numerous commercial stalls — was also absent. But by the museum of military and labor achievements there were people with red flags.

Mordovia is a small republic with a population of only around a million. It has no oil, gas, or minerals and has mainly processing industries. Not one machine tool or instrument was ever made here from beginning to end: Here Belarusian excavators received their scoops; cabs and lifting equipment were mounted on Nizhniy Novgorod dump trucks; "Remzavod" was an affiliate of a Nizhniy Novgorod plant; and "Rezinotekhnika" was directly linked to Ulyanovsk plants.... Economic ties were severed, transportation rates increased — and local plants and factories came to a standstill. The rate of the fall in production in Mordovia is three to four times the Russian average.

The situation is no better as concerns agriculture. This summer the average grain yield for the republic is 10 quintals per hectare and in a number of rayons it is even lower because of the drought. For example, it is only five quintals in Yelnikovskiy, Kadoshkinskiy, and Staroshaygovskiy Rayons. That is the kind of yield they used to have at the beginning of the century.

It is no surprise that people's wages are also low. Workers are lucky if they receive 200,000 rubles [R], but more and more of them are on the minimum wage, which they, moreover, receive with a delay. But the prices are the same as in Moscow: Noodles cost R5,000, bread — R2,000, sugar about R5,000, and butter — R15,000.

Saransk's pride and joy is the "Elektrovypryamitel" association. Equipment based on semiconductors are made here: rectifiers, diodes, thyristors, simistory [meaning unknown].... Not to mention domestic appliances. Its list of products includes washing machines, spin dryers, and juicers. Deputy Commercial Director Aleksey Yanovskiy, when showing us the shops, said bitterly:

"The plant has many orders for its output at present. But nobody will pay for the finished articles. Nonpayments are hitting the enterprise hard."

It is hardly surprising that wage payments are frequently delayed at the plant.

"How is life? Basically, we are running out of food and wearing out our clothing," an elderly worker explained to me.

Improvements in Mordovia are associated with the coming to power of new politicians. Which of them is most popular?

Sociological polls have been conducted regularly in Saransk in recent years. The coordinator of this research, Tamara Lytkina, points out that a clear movement to the left was observed in 1994-1995. Whereas in reply to the question: "Along what path should Russia develop?" 15.5 percent of respondents replied in 1992: "Along that which the Western countries have taken," and only 4.5 percent considered that we should take "the same one as 70 years ago," today the number of "Westernizers" has halved and the number of conservatives has tripled. What is more, the conservatives are no longer just people of pensionable age but also people around 40 years of age, for the most part manual workers and engineering and technical personnel. It is no surprise that the number of people in Saransk opposed to private ownership has almost tripled (from 3.5 to 16.8 percent) [figures as published] and 63 percent of people are not favorably disposed toward foreign investment. One in every four respondents expects the situation to deteriorate and 21.1 percent think that "nothing will change."

As concerns people's feelings about political parties, the situation is as follows. In June 1993 opinion polls showed that an absolute majority of respondents had no idea about either parties or movements. This enabled the Mordovian sociologists to draw the conclusion that the republic's multiparty system was in an embryonic state.

But elections were held and the parties received their shares of the vote. Today, in spite of the widespread belief that the Liberal Democratic Party of Russia has lost popularity, opinion poll figures tell us that in Mordovia the Liberal Democrats have increased their following six times over and the Communists' supporters have quadrupled, while the Democratic Party of Russia has only picked up 2 percent. Other parties are only supported by a few people. But the majority of respondents still prefer to vote not for the representatives of this or that party but "for intelligent and honorable candidates who are independent of any party." Some 18 percent stated that they "will not vote for anybody." [passage omitted]

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New Sea Port To Be Built Near Leningrad

LD1508095995 Moscow ITAR-TASS in English 0830 GMT 15 Aug 95

[By Lev Rumyantsev]

[FBIS Transcribed Text] SOSNOVY BOR, (LENINGRAD REGION), August 15 (ITAR-TASS) — The mayor's office of Sosnovy Bor has passed a resolution to build a sea port on the shore of Gulf of Finland and sent a feasibility study to the government of the Leningrad region, chief of the territorial department of the mayor's office Viktor Barov told TASS on Tuesday.

The directorate of the Leningrad atomic power plant agreed in principle to the project. To reduce the construction costs, mooring walls of local plants, which were already installed on the shore, will be used, Barov said.

The turnover of the new port is planned to reach 1.5 million tons of cargo from river-sea class ships, according to Barov.

Economic Issues

Soskovets Wants Russia To Step Up Arms Exports

LD1408163695 Moscow INTERFAX in English 1515 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — Russia sells now $4 billion worth of weaponry, well behind France, which holds the largest share of the world weapons market with $11 billion worth of sales, Deputy Prime Minister Oleg Soskovets told the government's daily planning commission Monday.

He emphasized that, despite fierce competition, Russia will try to increase its arms export. Soskovets complained that the state-owned Rosvooruzheniye company does not always do very well.

He believes that the exporting defense factories should service the military hardware sold abroad, but the issuing of licenses to these factories for exporting weapons outside the Rosvooruzheniye framework has met with stiff resistance.

Soskovets also said that the management of the defense industry has to be reformed. In particular, he believes, large defense concerns have to be set up.

First Deputy Defense Minister Andrey Kokoshkin told the commission that the State Duma, the lower house of parliament, should be asked to increase the appropriation for defense contracts by a factor of 1.5 because the defense factories have increased the prices of their products by a factor of two to four. In particular, the price of a tank has risen from 1.8 billion to 5 billion rubles.

The meeting was attended by Sverdlovsk region defense factory directors and administration heads. The directors said that the decrease in defense production has reached a critical point and is likely to do irreparable damage to the country's defenses.

Nuclear Exports To Reach $1.5 Million in 1996

LD1408192595 Moscow INTERFAX in English 1806 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — The Russian nuclear industry's export will total $1.5 million in 1995, Atomic Energy Minister Viktor Mikhaylov told the government daily planning commission Monday.

He said that this amount will double in three to four years.

Mikhaylov said that the industry and nuclear power stations employ nearly 1,000,000 people. The population of the so-called closed cities, where the largest nuclear industry factories are located, totals 2.5 million. The wages in the industry average nearly 720,000 rubles, Mikhaylov said.

Central Bank Against Higher Commission on $100 Bills

LD1408120995 Moscow ITAR-TASS in English 1110 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — Proposals by some of Russia's banks to charge higher commission on sales of new 100 U.S. dollar bills to their clientele make no economic sense, the Head Department of Russia's Central Bank said in a statement on Monday.

It would mean that different quotations would be introduced for old and new bills, which is inadmissible both economically and socially. The expenses of banks for the delivery of new bills are not connected to their printing, the statement stressed.

In accordance with the current legislation, all authorised banks, whose number totals 789, and about 12,000 currency exchange offices have the right to import, sell, and buy new banknotes, the statement said.

There will be practically no fixed term for old 100-dollar bills to be excluded from circulation, according to information available at the Bank's Head Department.

New bills with a face value of 100 U.S. dollars will be introduced in the U.S. in January, 1996.

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Foreign Investment Program Reviewed

954E1245A Moscow KOMMERSANT in Russian No. 29, 8 Aug 95 pp 30-33

[Article by Nikolay Nardul: "Russia is Great, But There is No One To Invest"]

[FBIS Translated Text] "Investments" is a foreign word. So is "pioneer." But this is not why it is specifically foreign investments which may become the pioneers of Russia's economic revitalization. For such a supposition there are both macroeconomic prerequisites and—for now, it is true, still in the draft stages—legal conditions, and even the principles of the Integrated Program for Stimulation of Domestic and Foreign Investments, prepared by Minekonomika [Ministry of Economics].

WHY MUST THE WINNERS IN THE STRUGGLE WITH RUSSIAN INFLATION BE FOREIGN INVESTORS?

The evolution of economic priorities in Russia in 1995 shows that the real selection of the course of economic policy was based on quite the opposite. First of all, in February, the president, in his message to the Federal Assembly, presented the ambitious task of "turning toward investments." Yet statistics show (graphic 1) [not reproduced here] that for the present time this goal, despite all its attractiveness, has not been achieved. And then investment revitalization was officially—in the 2 July speech of the prime minister presented at the session of the Consultative Council on Foreign Investments (!)—put off until next year. This year, it was decided, inflation would be brought under control.

It turns out to be a black-and-white picture: Either a struggle with inflation, or an investment upswing. At the same time, such an opposition is artificial. Investments can also be made under conditions of inflation. And on the contrary, as the experience of 1995 testifies, the reduction in the level of inflation certainly does not necessarily lead to an automatic growth of investments.

In Russia, however, the struggle with inflation has become a fetish, on which both the home-grown monetarists and the experts at the IMF [International Monetary Fund] have worked. It was specifically the anti-inflationary fervor which brought to life the latest hit in economic policy—the strengthening of the ruble. An obvious example: The support of the dollar at MICE [Moscow Interbank Currency Exchange] was given by the tightening of reserve requirements of the CB [Central Bank] to commercial banks, which was viewed as a strong-acting anti-inflationary means, limiting the credit activity of banks. As a result of the overly diligent struggle against inflation, there was primarily a reduction in the domestic investment resources. Yet inflation continued—the buy-up of dollars by the Central Bank led to the appearance of over 10 trillion rubles [R] in circulation.

We will have to climb out of the investment hole. For the present time, economic policy under the flag of an uncompromising struggle with inflation is clearing the way for foreign investors, depriving Russian investors of their chances. It is no accident that the government expects to increase the relative share of foreign investments in the overall volume of capital investments (see table). The question is, will these investments come?

Top 10 Countries Investing in Russia in 1994 by Volume of Contributions to Created SPs [joint ventures]	Relative Share in Overall Sum of Foreign Investments in Russia (in percent)	Capital (million rubles)	Number of Registered SPs
1. USA	24.1	30967.7	872
2. Hong Kong	6.9	8810.3	66
3. Italy	6.5	8320.4	320
4. Switzerland	5.0	7465.0	195
5. Canada	4.0	5090.5	126
6. Great Britain	3.3	4208.7	361
7. Spain	3.2	4152.9	72
8. Turkey	3.2	4133.9	75
9. Belgium	2.8	3547.6	76

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Top 10 Countries Investing in Russia in 1994 by Volume of Contributions to Created SPs [joint ventures]	Relative Share in Overall Sum of Foreign Investments in Russia (in percent)	Capital (million rubles)	Number of Registered SPs
10. China	2.5	3166.1	311

Based on data of the Russian Agency for International Cooperation and Development and the Registration Department of Minekonomika.

IS THE INVESTMENT CLIMATE WARMING UP?

At the level of changes in the legal environment for investments—and primarily foreign investments—expectations of a warming are fully justified. Although the general idea consists of having foreign investments in Russia make use of the national regimen, the draft laws submitted by the government to the Duma, "On Free Economic Zones," and "On Introducing Amendments Into the Law, 'On Foreign Investments'," open up new perspectives for foreign investments. The Duma has already adopted the law, "On Agreements on Production Sharing."

It is true, the fate of the Law on Production Sharing is rather eloquent testimony to the difficult process of organizing foreign investments in Russia, and to how deeply ingrained their non-acceptance has become. KOMMERSANT wrote in detail about this law in its issue No. 27, and since that time the law has twice failed to receive approval of the Federation Council. However, the developers of the law consider it a victory that the senators did not reject it altogether. The opponents of the law raised on their shield the idea of insufficient protection of the interests of the Russian side. Ultimately, the procedure of voting by survey sheets was ratified. Although the decision of the Federation Council will be adopted in this manner no sooner than the Fall, at least, in the words of Yuriy Shafranik, Minister of Fuel and Energy and Federation Council deputy from the Khanty-Mansi District, in the local areas the senators will sooner understand the attractiveness of the new law.

HOW THE GOVERNMENT INTENDS TO ATTRACT INVESTMENTS

The government, in fulfilling its role function, naturally exhibits concern over the future economic revitalization. The latest example of this is the Integrated Program for Stimulating Domestic and Foreign Investments in the Economy of Russia which was developed by Minekonomika.

The program contains several basic contentual innovations. First of all—the emphasis on insurance and guarantees of investments and the development of a competitive system of placement of centralized investment resources. An understanding of how the mechanism of security deposit insurance may appear in practice may be seen in the example of the credit-barter operation realized from the Russian side by "Tyumenimpeks" and the Sibneftebank [Siberian Oil Bank]. The foreign participants in the deal are the Deutsche Bank and the German firms Veba Oil and Konimpex. The scheme proposed by the Tyumen Oblast administration includes granting credits using export oil as the security deposit. The money for the export oil goes to a special account in Deutsche Bank as the sum of the security deposit. The bank, in turn, issues the Tyumen residents credit for a term of 5 years in six times the amount of the security deposit. The allocated funds are used to buy the latest technologies and equipment. In principle, it is specifically variations on this theme (we might add, their range has significantly narrowed since the repeal of the state export quotas), that must comprise the basis of insurance and guarantees of investments. Moreover, the "load-bearing structure" of the insurance and guarantees must become the Russian regions, and evidently not all of them, but only those which have at their disposal products which are in demand on the world market.

As for the investment competitions, the program proposes adoption of the government decree, "On Supplemental Stimulation of Private Investments." The document provides, first of all, for certification of the investment project. The importance of the procedure consists of the fact that the certified project must take its place in the developed classification. The classification, in turn, has the most direct relation to the allocated government guarantees. The source of granting the guarantees is the federal budget.

[KOMMERSANT] The proposed gradation of governmental guarantees is follows: 50 percent of the cost of the project—in the case of production of products which have no analogs not only in Russia, but also in the world; 40 percent—if the project provides for production and export of products of the processing industry; 30 percent—in production of import-replacing products at prices below those of the import goods; 20 percent—in production of products which satisfy domestic solvent demand.

Thus, the program developers decisively—and justifiably— rejected the traditional choice of lists

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of priority sectors based on certain state interests, which are not known for certain to anyone, in favor of purely market criteria. At the same time, the attractiveness of investment competitions has significantly increasd. While up until now the state support of investment projects was expressed only in granting credits from budget funds or in direct participation of the state in a project, the Minekonomika program provides for investors, including foreign investors, to receive government guarantees. According to the available estimates, Russian commercial banks alone are ready to invest R2 trillion in government guarantees in 1996.

MARS IS BEGINNING AND WINNING

Another channel for attracting foreign investors is investment agreements. According to the law on the customs tariff, the government is authorized to grant customs preferences. This is the mechanism of attracting investors which is contained in the investment agreements.

In January of 1995 the president signed the edict, "On Supplemental Measures for Attracting Foreign Investments to the Sectors of Material Production of Russia," which introduced the practice of granting preferential import duties. Foreign firms realizing investment projects in Russia in total volume of no less than $100 million, upon contribution of no less than $10 million into the statutory capital of a Russian enterprise for the period specified in the investment agreement between the company and the Russian Ministry of Economics, received the right to import their finished product into Russia on preferential conditions (up to exemption from payment of import duties). In April, the government approved the investment agreement of Minekonomika with the Mars company, which is building its enterprise in the city of Stupino near Moscow, although initially these preferences were intended for firms producing cigarettes. And so, Mars has turned out be more enterprising than its predecessor, the foreign trail-blazer on the Russian market—the McDonald's company.

In July, on the basis of the Mars pilot project, the government approved a standard investment agreement. However, up to the present time the customs preferences on Mars candy products are not operating. Jeff Smith, vice president of the "Mars-Russia" firm, presents an emphatically loyal version: The problem is that the investment agreement sets a precedent, and therefore the Russian departments are taking an especially thorough approach to its development. As KOMMERSANT learned from sources in Minekonomika, the delays were caused by the fact that the implementation of the investment agreement coincided with the intensification of the struggle against tariff preferences. Now, in order to receive preferential benefits it is necessary to submit an accounting, confirming the fact that the interests of the budget will not be adversely affected. In 1994 the customs duties on Mars products comprised $52 million. In order to reduce—in accordance with the agreement—the duty by two times, it was necessary to convince Minfin [Ministry of Finance] of the fact that the budget will not be the loser because of this, and that it will get its due through taxation of the Stupino enterprise itself. However, if there are no preferential benefits, then there will also be no enterprise. Today the coordination has been completed, and in the nearest time a presidential edict approving the preferential benefits for Mars products will be signed.

Awaiting their turn are the projects of the Cadbury (chocolate), United Technologies (aviation optics) and General Motors (jeeps) companies. Thus, granting of incentive benefits should open the way for development of large-scale assembly production in Russia on the basis of foreign investments.

FOREIGN PORTFOLIO INVESTMENTS: THE BOOM IS NOT FAR OFF, BUT BEYOND THE ELECTIONS

The most plentiful source of influx of foreign investments beginning in 1994 is investments into Russian securities. This current has known periods of both influx and ebb, caused by the market (stir over conclusion of voucher privatization, low price of Russian securities, legal vulnerability of the status of foreign participants in Russian privatization, absence of necessary infrastructure, lack of skill by Russian managers in working with stockholders), as well as non-market (phenomenon of Polevanov, the Chechen War) reasons. Nevertheless, according to the estimate of the American Chamber of Commerce in Moscow, in 1994 Western portfolio investments in Russia, which comprised $2 billion, exceeded direct investments by more than two times.

In May, KOMMERSANT had already presented the optimistic predictions of Boris Jordan. The American financier practicing on the Russian securities market believes that, by the second half of 1996, the situation on the stock market will change drastically, and that its growth will take on an avalanche-like character. The basis for this prediction is the simultaneous action of three factors: The start of the 4-year period of stability; the formulation of a decent market infrastructure, which will ensure adherence to the elementary rules of conducting business and the rights of ownership, which are desired by large Western investors who are awaiting their hour; the fact that Russian strategic investors will emerge on the operative expanse.

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The Integrated Program for Stimulating Domestic and Foreign Investments contains numerous points whose fulfillment will bring the realization of Boris Jordan's predictions closer. First of all, this is the increased protection of the rights of shareholders in accordance with the laws on the securities market and on joint-stock companies.

The Federal Commission on Securities, in conjunction with the Russian banks and brokerage firms, is working on creating such a pillar for the securities market as the Depository-Clearing Company, which will be responsible for performing accounting and for the reliable storage of securities. The standards of depository activity must be brought closer to Western ones and, accordingly, will become one of the factors in attracting foreign investments.

The program also proposes changing the taxation of securities operations. First of all, the correction for inflation must be taken into consideration. Secondly, the profits of stockholders in investment funds today fall under double taxation, which should not be. Third, it is necessary to bring about order in the taxation of principal activity.

SPECIFIC OPINION OF MINFIN

The complexity of the government position in attracting foreign investments consists of the fact that, strictly speaking, it cannot independently give investors either tax benefits (this is the prerogative of the legislators) or any guarantees or credits (over those specified in the budget). Moreover, within the government itself there is an active domestic opponent—Minfin. Its defense of the budget already has to its credit the two failed presidential edicts on stimulation of foreign investments. The first was dated 23 September 1993—"On Development of Work with Foreign Investments." At that time, the president tried to introduce for enterprises with foreign investments a 3-year immunity in regard to any statutes of the Russian authorities (except for laws and presidential edicts) which could inflict material detriment upon the foreign investors. The edict merely remained on paper, primarily thanks to the obstructionist tactics of Minfin, which decided to take a strict legal position and refused to implement the edict, which had not been approved by the legislators.

Minfin also did not agree with the presidential edict which extended to enterprises with foreign investments (no less than $10 million) engaging in material production the regimen of taxation of profits granted to small enterprises. In any case, the standards of the edict were not included in the project for introducing changes into the law on taxing profits of enterprises and organizations which was prepared by this department.

Thus, foreign investors receive a cold greeting in Russia not only from certain legislators. However, this does not negate the optimism, although reserved, in regard to a future influx of foreign investments. If the Russian economy withstands the day of the electoral campaigns without significant cataclysms and holds out through the night of their political results, it will be greeted by an investment upswing, in which a significant role will surely be played by foreign investments.

FROM AN INTERVIEW WITH "MARS-RUSSIA" COMPANY VICE PRESIDENT JEFF SMITH

[KOMMERSANT] How is the realization of the investment agreement going?

[Smith] We are still expecting final ratification of the agreement by the government, but we hope that this will occur in the next few weeks. The process of ratification has taken more time than expected, since the agreement is the first of its kind.

[KOMMERSANT] How much has the MARS company already invested in the Stupino project?

[Smith] Over $100 million.

[KOMMERSANT] What is the biggest headache for the company?

[Smith] The unpredictability of not only the economic, but also the legislative situation. It is very difficult to plan and manage a complex enterprise, to invest large sums and to develop new projects when the business structure on which the decision making is based changes sharply and unpredictably.

[KOMMERSANT] Do the company's products receive any preferential benefits upon import into Russia?

[Smith] According to the conditions of the investment agreement, the MARS Company should get tariff preferences. However, until the agreement is ratified, the preferences will not be granted.

[KOMMERSANT] What advice can you give to other foreign investors who are ready to conclude investment agreements?

[Smith] The situation will be unique for each investor. The only thing we can say is that contacts with the departments, and especially with Minekonomika and MFER [Ministry of Foreign Economic Relations], can be rather useful. We advise other companies to allocate the time, as well as the means, to work with them.

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INTERVIEW WITH DEPUTY MINISTER OF ECONOMICS VLADIMIR KOSSOV

[KOMMERSANT] What measures for attracting foreign investments has Minekonomika included in the Integrated Program for Stimulation of Investments?

[Kossov] For the influx of foreign investments, as we might add, also for increasing the volume of domestic investments, it is necessary first of all to improve Russia's image as a sphere of profitable and relatively safe application of capital. It is specifically for this reason that last year and at the beginning of this year we adopted the decisions on preferences in taxation of profits of commercial organizations with foreign investments, exempted the import equipment and spare parts for it, as well as the credits in currency obtained from foreign banks, from the NDS [value-added tax] and the special tax, and repealed the quantitative limitations on keeping current accounts. As of the beginning of 1996, the tax on above-norm expenditures for payment of labor wages will be repealed. Finally, we want to apply the national regimen to foreign investors.

[KOMMERSANT] What can the government do to facilitate the position of foreign investors, and what can parliament do?

[Kossov] The Federal Assembly has already reviewed the principle draft laws in the sphere of international investment cooperation. Primarily, the law, "On Introducing Changes and Amendments Into the 'Law on Foreign Investments'," the law, "On Agreements on Product Sharing," and the draft laws on free economic zones and on concessions agreements. In the near future, the Tax Code will also be adopted, which will regulate the procedural relations in tax verification, introduce changes into the tax legislation and the standard statutes, and regulate relations of taxpayers with the tax organs.

Two principally new ideas—certification of projects and state guarantees to investors—will be reflected in the government draft decree, "On Additional Stimulation of Private Investments." Certification of a project will certify its quality and define the amount of state support. Even with a project risk of 50 percent, the amount of necessary state funds is reduced by at least 4 times. By 2 times in connection with the risk, and by 2 times in connection with the compensation of insurance payments on the basis of realization of the security deposit. We expect that certification will help to expose projects which will gain greater trust of foreign investors.

[KOMMERSANT] What is proposed in the sphere of insuring foreign and domestic private investments?

[Kossov] In accordance with our program, legislative and normative statutes are being prepared which will define the general principles of insuring investments. Specifically, a list of the insured cases of non-return of target funds, amounts of insurance premium, order of concluding insurance agreements, rights and reponsibilities of the parties upon occurrence of an insurance case will be provided. And, naturally, we must specify the role of the state in the control or management of the activity of insurance institutions. Today we are working on proposals regarding full-scale inclusion in the international system of insuring investment risks within the scope of MIGA [not further identified].

The provision of investments and their insurance is a valuable and easily realizable asset, as are the property rights granted as a security deposit from the federal, regional and municipal property, as well as by individuals and legal entities.

[KOMMERSANT] In what forms do you expect the influx of foreign investments?

[Kossov] Today, primarily by means of the sale of packets of stock in privatized enterprises to foreign investors. But there will also be direct investments and credits. Therefore, we intend to accelerate the introduction of the concept of the nominal holder of securities for resolving the problems with registration of stockholders. The program of guarantee signatures will be implemented, which will place upon brokers the responsibility for verifying the identity of their clients. We are developing standards for keeping a register of stockholders, as well as performing depository activity on the securities market.

One other direction which will require development is that of attracting investments in the form of credits, with the condition of their repayment through product deliveries.

[KOMMERSANT] Recently, discussions have died down regarding amnesty of "unlawfully exported capital" which must be returned practically before 1 January 1996. Has Minekonomika rejected this goal?

[Kossov] The idea remains, but how to realize it? And the matter is not one of dates, but of how to create a favorable investment climate. Well, and practically in spite of this variant, a law on the order of export of capital is being developed, which provides for increasing responsibility for the unlawful export of capital abroad, and for leaving in foreign banks the price differential between exported goods and services and those imported at increased prices.

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BASIC DOCUMENTS REGULATING ACTIVITY OF FOREIGN INVESTORS IN RUSSIA

4 July 1991. The law, "On Foreign Investments in Russia." The national regimen is extended to foreign investments, SPs [joint ventures] have retained certain benefits only in foreign economic activity. In connection with the adoption of the law, "On Certain Questions of Granting Benefits to Participants in VED [Foreign Economic Activity]," adopted in March of 1995, preferential benefits of SPs now named in the law, "On the Customs Tariff," are repealed. The basic content of the practically prepared new edition of the law on foreign investments is the introduction of a 5-year period during which the enterprise with foreign investments (no less than 30 percent foreign participation and no less than a certain sum— R100,000 in the draft— of actual contribution by the foreign partner) is exempted from statutes of Russian authorities which may inflict material detriment upon the investors.

21 February 1992. The law, "On Mineral Resources." Licenses for use of mineral resources are introduced, and extend both to concession agreements and to agreements on production sharing. The basic problem in adopting the law, "On Agreements on Production Sharing," is the coordination of the agreement mechanism for determining the volume of payments by the investor with the administrative procedure of obtaining licenses.

4 June 1992. The presidential edict, "On Certain Measures for Developing Free Economic Zones." Halved export duties are introduced on raw materials obtained in FEZs [free economic zones]. Free economic zones need a much greater volume of benefits, which only a special law on FEZs may provide. Its preparation is actively being conducted.

8 April 1993. Letter of the Central Bank, "Conditions for opening banks with participation of foreign investments on the territory of Russia." The conditions: The sum of contribution of at least one of the foreign partners must be no less than $2 million; a CB license. Despite the metamorphoses of regulation—at the end of 1993 a moratorium was introduced until 1 January 1996 on the activity of foreign banks in Russia, then part of the foreign banks, primarily European, were excluded from the effect of this moratorium—the CB conditions remained unchanged.

15 June 1993. The GTK [State Tariff Committee] order, "On Partial Exemption from Payment of NDS on Goods Imported as Contributions to Statutory Funds." The exemption extends to all goods, except for those subject to excise tax, for the term of formulation of the statutory fund. There are proposals within the scope of amendments to the law, "On the Customs Tariff," to introduce new limitations— that these benefits may be used only by SPs in which the real contribution of the foreign partner is no lower than a certain threshold value—but the chances of introduction of additional limitations are rather slim.

1 April 1994. The government decree, "On Organization of Work with Foreign Investments." The Federal Center for Project Financing and Consultation Assistance to Foreign Investors (under Minekonomika) is created. In essence, the new structures are created in place of the abolished Russian Agency for International Cooperation and Development (RAMSIR).

2 June 1994. The letter of the State Tax Service, "On certain questions of taxation of foreign investments." Credits in foreign currency obtained by taxpayers are not subject to payment of NDS or special tax. This is the result of lobbyist activity by the Consultative Council on Foreign Investments in Russia. The council, whose chairman is Viktor Chernomyrdin, includes leaders of 16 major companies of Europe, the USA and Japan.

6 June 1994. The government decree, "On the State Registration Department Under Minekonomika." The department registers enterprises with foreign investments. The process of replacing the liquidated RAMSIR continues.

30 June 1994. The government decree, "On the Order of Determining Products Imported by SPs for Their Own Needs." Defines the order of determining products for one's own needs, which are exempted from import duties in accordance with the law on foreign investments (except for goods subject to payment of excise tax). This same benefit is provided also in the law, "On the Customs Tariff," and means that the anti-preferential measures in the law, "On Certain Questions of Granting Benefits to Participants in VED," do not extend to the order specified by this decree.

28 August 1994. The government decree, "On Intensifying Work on Attracting Foreign Investments." The structure of the Consultative Council on Foreign Investments is ratified.

25 January 1995. The presidential edict, "On Supplemental Measures for Attracting Foreign Incvestments in the Sphere of Material Production." Foreign companies implementing projects in Russia whose value is no less than $100 million, with their own contribution being no less than $10 million, who have concluded investment agreements with authorized departments, import their finished products paying 50 percent of the rates of import duties. Today this is almost the only legal import benefit. For the present time, it may actually be used

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only by the MARS company, but the edict is aimed at the development of assembly production in Russia.

27 January 1995. The GTK letter, "Explanation on benefits in formulating a statutory fund," New: Exemption from NDS is limited to one year from the moment of registration of the SP. Fiscal advance against foreign investors continues.

24 July 1995. The government decree, "On Instituting the Statute on the Order of Conclusion and Realization of Investment Agreements." A standard investment agreement is ratified. Investors who are participants in the agreement receive the right to preferential duties for the import of their products into Russia.

Reduced Don Grain Harvest Already Accounted For

MM1508082595 Moscow SELSKAYA ZHIZN in Russian 12 Aug 95 p 1

[Report by I. Krivich: "Harvest Over"]

[FBIS Translated Text] The grain harvest campaign has ended on the Don. In all 1.892 million hectares of early cereal crops have been threshed. The gross grain harvest was just over 3.1 million tonnes. Don grain farmers have not harvested such a small amount of grain for a long time. The weather conditions and violations of agricultural techniques have taken their toll here. For the umpteenth year the soil has been dressed with the bare minimum of mineral and organic fertilizers, and soil treatment schedules are breaking down. There is one reason — a chronic lack of funds and committed state support.

Hence the results. Whereas last year each hectare yielded 24 quintals, this year the yield has stuck at the 17.7 quintal mark. And, accordingly, this is altering all accounting in the countryside. First of all, over 400,000 tonnes has to be set aside for seed stocks, the emergency reserve built up, and payment in kind made. Over 1.3 million tonnes of grain have to be sent for regional and federal stocks. All the rest is used for feed and for sale. It is still not known whether it will be possible to albeit justify the outlay on the harvest. There is too little spare grain left, its quality is poor, and the prices fixed by the state are low.

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International Affairs

EBRD To Open Credit Line to International Bank

LD1408203295 Moscow INTERFAX in English 1806 GMT 14 Aug 95

[FBIS Transcribed Text] KIEV, Aug 14 (FIA-Interfax) — The European Bank for Reconstruction and Development (EBRD) will open a credit line worth $13 million (9.98 million ECU) to the First Ukrainian International Bank for developing Ukrainian agricultural enterprises.

The EBRD circulated a press release in Kiev today saying that under the agreement on credit signed in London last week, the First Ukrainian International Bank will give medium-term credits to agricultural enterprises under specific projects. The EBRD stressed in the press release that this was the first bank-to-bank credit line opened by the EBRD to Ukraine.

The joint Ukrainian-U.S.-Dutch First Ukrainian International Bank (registered in Donetsk) is one of Ukraine's 10 largest banks in terms of basic indices. As of July 1, 1995, the bank's charter capital was 66.1 billion karbovantsy ($467,140), capital 4.4 trillion karbovantsy (over $31 million) and assets 16.6 trillion karbovantsy ($117.31 million). The bank's largest shareholders include the U.S. AIOC corporation (a 30 percent stake in the charter capital) and the Netherlands' Mees Pierson bank (20 percent).

Legislators Visit Lebanon; To Attend Embassy Opening

WS1508104895 Kiev UKRINFORM in English 0728 GMT 15 Aug 95

[From the "Current Events" feature]

[FBIS Transcribed Text] As reported by the press service of the Ukrainian Verkhovna Rada [Supreme Council], a Ukrainian parliamentary delegation, led by Verkhovna Rada Deputy Chairman Oleh Dyomin, departed for Lebanon on August 14.

The Ukrainian parliamentary delegation's program of visit includes meetings with Lebanon's President Ilyas al-Hirawi, Lebanese Parliamentary Chairman Nabih Birri, Prime Minister Rafiq al-Hariri, and other senior Lebanese government officials.

The delegates will also hold a series of meetings with Lebanese parliamentarians and businessmen. They will also participate in the official opening of the Ukrainian Embassy in Lebanon.

Joint Use of Crimea Military Bases With Russia

LD1408190995 Moscow INTERFAX in English 1732 GMT 14 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, Aug 14 (Interfax-Ukraine) — Military bases in Crimea will be used for the purposes of both Ukrainian and Russian defense, Oleksandr Tkachenko, Ukrainian parliament first deputy speaker, said at a meeting with Swedish International Development and Cooperation Minister Pierre Schori in Kiev Monday.

According to Tkachenko, the "Ukrainian President and Prime Minister, together with Russian leaders, must solve the problem in the nearest future."

He stressed that "the close economic integration as well as cultural and other ties between Crimea and Ukraine demonstrate that Crimea will not survive without Ukraine."

Sweden Supports Entry to Council of Europe

LD1408211695 Kiev UNIAN in Ukrainian 1745 GMT 14 Aug 95

[FBIS Translated Text] Kiev — A Swedish Government delegation led by Pierre Schori, deputy minister of foreign affairs in charge of international development cooperation, is in Kiev to sign intergovernmental cooperation agreements and discuss issues concerning European security, including nuclear safety.

At a meeting with Oleksandr Tkachenko, first deputy chairman of the Supreme Council on 14 August, Schori said that Sweden will uphold Ukraine's entry to the Council of Europe.

Tkachenko emphasized that Ukraine has met all entry requirements and expects "active support" from Council of Europe members, including Sweden.

The two officials agreed that Ukraine and Sweden should boost cooperation. Tkachenko said that the Swedish delegation's visit will improve the countries' relations in the economic sphere. Ukraine would like to cooperate with Sweden in machinebuilding, shipbuilding, electronics, and communications, the deputy speaker said.

National Affairs

Kuchma Appoints Deputy Ministers, Issues Edicts

WS1508105595 Kiev UT-1 Television Network in Ukrainian 1800 GMT 14 Aug 95

[FBIS Translated Text] The Ukrainian president has issued a number of edicts.

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For considerable contribution to the construction of production, sociocultural, and municipal facilities, Serhiy Romanenko, head of the State Committee for Constriction of the Autonomous Republic of Crimea, has been presented with the Ukrainian president's certificate of distinction.

Ihor Podolyev has been appointed Ukraine's first deputy minister of foreign economic relations and trade. He has been relieved of the duties of first deputy minister of foreign economic relations.

Andriy (Honcharuk) and Vasyl Oliynyk have been appointed deputy ministers of foreign economic relations and trade and dismissed from their posts as deputy ministers of foreign economic relations.

Mykola Shevchenko has been appointed deputy minister of foreign economic relations and trade.

The Ukrainian president also has issued edicts on tax breaks for voluntary donations by legal and natural persons and on the Sectorial Fund for the Development of Communications. Texts of the edicts are published in the press.

Kuchma To Appoint New Press Secretary

WS1508105395 Kiev INTELNEWS in English 2257 GMT 14 Aug 95

[By INTELNEWS Staff Writer Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, Aug. 14 — President Leonid Kuchma's current press secretary will soon get the boot, a presidential press service source told INTELNEWS Monday.

According to the source, Dmytro Markov, who served as adviser on humanitarian and cultural issues and press relations in the Ukrainian Embassy in the United States, will take over the position on Sept. 1.

Before serving in the United States, Markov worked as chief of the Ukrainian International Radio Service. Markov was also Leonid Kuchma's personal translator.

Mykhaylo Doroshenko, Kuchma's current press secretary, assumed his position immediately after Kuchma became president last summer.

Doroshenko, before obtaining the press secretary post, worked as UKRAYNA MOLODA newspaper editor in chief. The newspaper had been known as one of Kuchma's major supporters during his electoral campaign. People in the administration used to say the Doroshenko was chosen as presidential press secretary only because of his loyalty to Kuchma.

A copy of the Power Bill was printed in UKRAYNA MOLODA for the first reading, and parliamentary deputies even accused Kuchma's administration of printing the bill in this newspaper before it was submitted to Parliament for consideration.

Speculation about Doroshenko's possible dismissal has been circulating since the winter, according to a UKRAYNA MOLODA journalist. The same journalist told INTELNEWS that Doroshenko was offered the office of deputy minister for press and information two or three months ago.

But several UKRAYNA MOLODA journalists said that their former boss will return as editor in chief of UKRAYNA MOLODA.

Ukrainian journalists were not satisfied with Doroshenko's activity as presidential press secretary. Some Ukrainian papers criticized Doroshenko for failing to create a top-level image for Kuchma.

Journalists cited the fact that Kuchma himself interrupted Doroshenko in an impolite manner during Kuchma's last big press conference in July.

"I do not know whether a new press secretary will form a new team or not," the press service source told INTELNEWS.

Kuchma Issues Edict on Official Visits to Russia

LD1408141695 Moscow INTERFAX in English 1244 GMT 14 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 14 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has issued a decree on an improvement in preparations for visits to Russia by Ukrainian delegations.

Under the decree, it has been made incumbent upon Ukraine's Foreign Ministry to coordinate with the Russian side through diplomatic channels, on proposals from central and local authorities, representative and local government bodies, the make-up of Ukraine's official delegations and duration of their stay in Russia.

The organizations concerned have been recommended to submit to the Foreign Ministry not later than seven days before delegation's departure information as regards its make-up and duration of stay.

Rules on Rocket-Related Exports, Imports Approved

MK1408094895 Moscow KOMMERSANT-DAILY in Russian 12 Aug 95 p 3

[Unattributed report: "Kiev Monitors Missile Exports"]

[FBIS Translated Text] Ukraine's cabinet of ministers has approved regulations guiding the exportation, im-

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portation, and transit of missile technology items, as well as of equipment, materials, and technology used in the manufacture of missiles. A government decree has also approved a list of the above items, equipment, and technology. Subject to control are the exportation, importation, and transit of finished missile systems (ballistic missiles, carrier rockets of space vehicles, and research rockets) capable of delivering payloads over a distance of 300 or more kilometers, as well as equipment, materials, and technology that can be used for their manufacture.

Crimean Speaker Appeals on Entry to Sevastopol

LD1408152095 Kiev UNIAN in Ukrainian 1130 GMT 14 Aug 95

[FBIS Translated Text] Simferopol — Yevhen Suprunyuk, chairman of the Crimean Supreme Council, appealed to Ukraine's President Leonid Kuchma to consider the issue of streamlining the procedure for the controlled entry of Crimean residents to Sevastopol.

"The existing procedure seriously complicates economic ties inside Crimea, affects the organization of the resort and tourist activities, diverts significant resources, and complicates the activities of the interior bodies in Crimea and Sevastopol," says the appeal by the Crimean parliament speaker to the Ukrainian president.

Suprunyuk explains the need to streamline the entry of Crimean residents into Sevastopol by a desire to establish a democratic society and a market economy. He believes that the solution to this problem will have a positive response in Crimea.

Donbass Miners Leave for Talks With Government

LD1408193295 Moscow ITAR-TASS in English 1901 GMT 14 Aug 95

[By Anatoliy Gordeyev]

[FBIS Transcribed Text] DONETSK, August 14 (Itar-Tass) — Over 500 representatives of miners' collectives from the Donetsk, Lugansk and Dnepropetrovsk regions left by buses for the capital of Ukraine on Monday.

The decision to go to Kiev was adopted at a meeting of leaders of trade union organisations, labour collectives and strike committees of the coal-mining and mine construction enterprises in the Don coal-field which was held in the city of Torez of the Donetsk region on August 10.

In view of its organisers, the miners' representatives must not only support but also make more active actions of a working group set up three months ago for conducting a dialogue with the Ukrainian government on the settlement of miners' problems.

"The Government of Ukraine has again exhausted a credit of miners' confidence," Leonid Kolesnik, chairman of the trade union of engineering and technical workers of the coal mine industry, told Itar-Tass.

According to him, despite all decisions and resolutions, miners have not yet received wages for June and July. Neither did the state pay wages to mine construction workers even for April.

"This time we are ready to stay in Kiev till a final victory, until we receive all our earned money," Kolesnik said.

He affirms that Donbass miners directly participating in this action, are also supported today by miners from Western Ukraine.

The Donbass representatives intend to begin with a conference with the government members in Kiev who after the meeting in Torez were warned about the planned arrival of miners.

Telegrams sent to the Cabinet of Ministers and the president's administration contained an invitation to representatives of state power to start talks with miners' envoys in the building of the Trade Unions Federation on August 15.

In addition to the settlement of the problems of the coal mine industry, miners intend once again to demand that the government resume the Public Russian television broadcasting to Ukraine in the former regime and volume.

Economic Issues

Foreign Investments in Economy Detailed

WS1508070095 Kiev URYADOVYY KURYER in Ukrainian 8 Aug 95 p 7

[Commentary by Viktor Slobodenyuk, head of the subdivision for foreign investments at Ukraine's Ministry of Economy recorded by Volodymyr Ilchenko: "Foreign Capital in Ukraine" — first paragraph is URYADOVYY KURYER introduction]

[FBIS Translated Text] In recent years, the president, the Supreme Council, and the government have undertaken a number of measures to solidify the legal and normative base regulating investment activities, aimed at effective attraction of foreign capital into Ukraine's economy. The Cabinet of Ministers' decree "On Procedures for Foreign Investments" was passed as early as in May 1993; while the Ukrainian Law "On the State Program for Attracting Foreign Investments Into Ukraine" was passed in December 1993. Recently, the Supreme

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Council has passed in first reading a new draft law concerning those issues. International agreements on attraction and mutual protection of investments have been signed with 27 states, including Germany, the United States, Canada, Great Britain, France, and other countries. Similar work is being conducted with treaties on preventing double taxation.

Officials at the Foreign Investments Department of Ukraine's Ministry of Economy have told our correspondent about the implementation of measures undertaken by the state administration to attract foreign investments.

Some 83 foreign partners have invested in the Ukrainian economy; over 2,000 enterprises have been established, over half of which are located in the city of Kiev, as well as Lvov, Odessa, and Dniepropetrovsk Oblasts. Therefore, the total volume of foreign investments in the Ukrainian economy is significantly lower than in such East European countries as Hungary, Poland, or the Czech Republic. A rumor is being spread among foreign investors about an unfavorable situation for investing in Ukraine.

Currently, a lot of attention is being paid to the issue of creating a telecommunications system, which will allow the acceleration of information exchange between various regions, as well as connecting Ukraine to the centers of global networks such as Istanbul or Palermo. A contract worth almost $12 million has already been signed with the Canadian Northern Telecom Company for accomplishing the first part of the project by March 1996. The total cost of the project, which is being financed by the European Bank for Reconstruction and Development, amounts to $53 million.

Large foreign companies, which are willing to invest considerable capital, are showing interest in investing in Ukraine's economy. Among them is the Maculan International joint-stock company (Austria, construction of apartments and offices) — the registered volume of its investments amounts to $260 million; Pepsico (United States, production of nonalcoholic beverages, the Pizza Hut restaurant chain) — $250 million; Country Squire International (Canada, construction of hotel complexes, production of medical instruments) — $220 million; AT&T (United States) in cooperation with German and Dutch companies (the Utel communications network) — $100 million. A number of foreign companies have invested in smaller, albeit tangible quantities of tens of millions of dollars. These are such companies as BAT Industries PLC (Great Britain), Otis Elevator Inc. (United States), Remetel (Spain), GPA (Ireland), Johnson (United States), Tetra Laval (Switzerland), Royal PTT Nederland (the Netherlands), Telecom Denmark (Denmark), and others. Many of them are successfully operating on the Ukrainian market and steadily increasing their efficiency. Products manufactured by world-famous companies are broadly represented on our market, including those by Philips (the Netherlands), Siemens (Germany), Procter & Gamble (United States), Oriflame (Sweden), and electronic products from Japan, Korea, China, and European countries.

In 1994, Ukraine's Ministry of Statistics introduced obligatory accountability regarding the volume of invested foreign capital. These indicators are significantly lower compared to the volume of registered foreign investments, amounting to 12 percent. Foreign investors which had registered a significant volume of investments subsequently suspended their introduction. For instance, the Maculan International joint-stock company has registered $260 million, but in fact invested only $26 million, which is 10 percent of the declared sum; the joint-stock "Tobacco company" has registered $25 million; however, it invested $5 million — which amounts to 20 percent of the registered volume.

Certain expectations for the influx of foreign investments are also connected with the reform of the ownership structure.

Privatization of state-owned enterprises conducted in the form of international competitions is already under way. The first competition was carried out offering shares of the "Ukrayina" confectionery joint-stock factory (68.4 percent of shares worth $25 million were sold); the second competition was held to sell 40 percent of shares of the "Dnipropobutkhim" joint-stock company. Ukraine's Cabinet of Ministers has approved a list of 11 enterprises whose privatization involved foreign investments. Among them are the Kryvyy Rih cement-ore combine, the Berdychiv-based machine-tool-building plant, the Kherson-based meat combine, and others.

There are great prospects in the issue of modernizing Ukraine's oil refineries. The State Committee for Oil and Gas is planning to conduct the modernization of the two largest refineries from Kremenchuk and Lysychansk in the immediate future. At the first plant, it is envisaged to modernize the technology of catalytic cracking, as well as to introduce an automated system of managing the technological process. At the Lysychansk-based oil refinery it is envisaged to establish a complex of profound processing of residual fuel oil, whose annual capacity should be 4 million tonnes and worth $300 million. The polypropylene complex, built by the Italian Technimont company, was put into operation last year, and its capacity is 100,000 tonnes per year. Currently the Austrian Perner company is constructing a plant for

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producing oil bitumen (370,000 tonnes per year) and roofing materials (9,700 tonnes per year).

Ukraine's Ministry of Economy pays a lot of attention to organizational and methodical issues, as well as to developing and implementing investment projects; objects of investments are being systemized; work is being conducted to create a national informative-analytical system of foreign investments. The latter should be helpful in combining the interests of Ukrainian enterprises and foreign partners. A systematic development of informational memorandums on investment projects has been launched; the intention is to present them to foreign companies and entrepreneurs.

With the participation of experts from the German KFW Credit Organization, the issue of creating a Ukrainian credit institution is being developed. Its goal is to facilitate an influx of foreign investments, ensure financing of investment projects, and support small and medium-sized businesses. The documents for creating regional funds for investment assurance and the National Insurance Company are also being prepared. All this has been done to exclude those risks which hamper participation in investment projects.

Deputy Premier on Progress of Economic Reform

WS1408141795 Kiev KIYEVSKIYE VEDOMOSTI in Russian 8 Aug 95 p 6

[Interview with Deputy Prime Minister Viktor Mykhaylovych Pynzenyk by Iryna Tytova; place and date not given: "Wages Are Growing, Prices Are Falling, and the Currency Is Coming Back" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **Ukrainian Deputy Prime Minister Viktor Mykhaylovych Pynzenyk remained in the government. The presidential edict that determined the destiny of the "father" of market economy became an event last week. For some it was a disappointment, for others — a confirmation of the course toward reform. Viktor Mykhaylovych gave us an interview the day after he was nominated.**

[Tytova] Viktor Mykhaylovych, how do you assess the year of presidential reforms? What can be regarded as achievements?

[Pynzenyk] The implementation of the presidential program has had results: First of all, there is financial stabilization. I do not imply that the only political objective was to achieve a stable national monetary unit and to suppress inflation. If someone understands reform this way, this implies that he either understands nothing or does not want to understand because a stable national monetary unit is only a basis on which transformations are made. In this area, we achieved what had to be achieved. The people do not run away from the karbovanets today....

[Tytova] According to your promises, you have devalued the dollar....

[Pynzenyk] Why do you say that I made such promises? This had to take place and your newspaper published a proper picture showing the dollar under a press [v tiskakh]. This is an ordinary, inevitable event of financial stabilization. The dollar has devalued 2.5-fold on the domestic market. This devaluation took place not because (as someone assumed and blamed the National Bank [NBU] and the president for) foreign exchange reserves were gradually sold, but due to economic reform. Our foreign exchange reserves, by the way, are much more sizable than what we have obtained from the IFM. The accumulation of foreign exchange is very important for future policy, for stability, and for free convertibility of the national monetary unity. The dollar has begun to return to Ukraine. Given high inflation, the amount of foreign exchange which was brought to Ukraine over two months of the previous year was less than the amount of foreign exchange exported from the country. A reverse trend emerged in December. Over the last five months, the amount of foreign exchange that was brought back to Ukraine exceeded that of imported foreign exchange by $500 million. This implies that favorable starting conditions for bringing foreign exchange back have been created. This is the second issue.

The third issue is very important also. Perhaps discussions of how a real wage should be increased will eventually end in Ukraine. It is clear today that this can be done only on the condition that inflation is suppressed. Let us take the recent five months. The real wage steadily went up each month. We reached the prereform level by 15 percent in April. This is a small amount because the people have lost much. There is, however, a positive trend and it will remain in July. The dollar equivalent of the wage — $50 — is higher than at the beginning [of reform] and makes up two-thirds of the wage in Russia. Only recently we were behind Russia; even last December the dollar equivalent of the wage in Ukraine was four times lower than that in Russia.

Another topic. Perhaps we do not remember at all when credit rates were below 100-percent. Today we have an actual discount credit rate. Rates of current credits have not been reduced artificially. NBU discount credit rates has been reduced five-fold. Credit rates went down much faster than inflation rates over recent months. This

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is a delayed, but forecasted response of commercial banks. For example, inflation in June went down 1 percent and rates of monthly credits — 5 percent. This provided better conditions for investments. Two more things can be mentioned.

There are no debts. Last year Russia subsidized us with gas (our debts amounted at the time to $1.5 billion). Our debts this year stand at somewhat more than $100 million. On condition that gas consumption is reduced, we will resolve this issue in mutual accounts. Financial stabilization also allowed the revelation of thrombosis. We discovered all the evils and diseases of our economy at the microeconomic level when the water left and we saw stones. We saw which of the stones were the sharpest ones. Therefore, the primary task today is to begin implementing changes at the microeconomic level. A correlation emerged: When there were no macroeconomic changes, one did not know what should be done with the microeconomy. The policy of financial stabilization, however, must not be set aside. Otherwise, we could again fall into the bog of inflation. In addition, if there are no microeconomic changes there is a threat of going back, of undermining financial stabilization.

[Tytova] After the presidential statements made in Uzhhorod about correcting the program, economists split into two camps. The first camp proposed to upgrade the economy at first and only later to stop inflation, while the second camp proposed to suppress inflation at the beginning and then upgrade production. The matter is not a joke and it is still unknown how it will end. If the first viewpoint wins, this implies a return to issuing credits to industrial enterprises. If one manages to put the agrarian lobby "into its proper place" by opening an agricultural stock exchange, then this means the industrial lobby is still strong.

[Pynzenyk] This is the question of the connection between inflation and production output. Statistical data state a decline in Ukraine. But I have introduced a correction regarding one more important thing that is typical not only for Ukraine: the seasonal nature of production. One could adjust production indicators, remove seasonal differences, and obtain an increase in the second quarter. The trend is quite clear-cut: To obtain an increase in production output, inflation must be suppressed. There is very interesting data on the dynamics of working capital in enterprises: When inflation increases, working capital shrinks. When inflation shrinks or remains stable, working capital grows. It is necessary, however, to note another peculiarity. When debts or working capital are estimated, one forgets that estimates must be based on similar prices. One cannot compare the value of a billion today and that of a billion in 1994. Their values are different. Therefore, if we want to compare the value of the current billion with that of the last year, one should divide the current billion by actual inflation. So, an increase in real working capital takes place only in conditions of low inflation.

[Tytova] The IMF has provided analogous data for 26 countries. The results were the same....

[Pynzenyk] They say that only stupid people learn by someone else's mistakes, but smart people — by their own....

[Tytova] Perhaps it's the other way around....

[Pynzenyk] I have not made a mistake. We are smart. Until we do one and the same thing 100 times, we will not slacken off. We always take a seat on a bench with a "freshly-painted" sign, and of course when we do it we are dressed in a new suit. We act in a similar way. The analysis shows that — considering corrections with regard to inflation — our accounts receivable and accounts payable have not increased.

[Tytova] Can one state that, if not an increase, then at least a stabilization of the economy has begun?

[Pynzenyk] At the moment one can primarily state that financial stabilization is a condition for increasing production. Why? Because the increase in production requires money and long-term investments. Where can one get them? The first option is as follows: To make investments by means of printing money, or through inflation. The second option envisages making investments by means of [financial] stabilization. I will ask you a question. Let us assume that you have 10 million karbovantsi [K]. Will you hold this amount in your bank account at a 50-percent annual interest rate for two years?

[Tytova] Given the current situation in Ukraine, I would not do so because this money would lose its value.

[Pynzenyk] But it does not lose its value now.

[Tytova] Anyway, I am afraid to do so.

[Pynzenyk] So, you have provided your answer. Although there are real positive rates [stavki] that will protect you from inflation, all the same you do not deposit your money in a bank because you do not trust it. It is difficult to trust because you were fed with only slogans for so many years. When will you begin to trust? When inflation is reduced to 1 percent and is kept unchanged for six months. There is a direct link between the pace of inflation and long-term deposits. When inflation goes up, deposits shrink, and the other way around. Why is this important?

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It is important because banks issue credits by attracting deposits, including deposits of the population. One can issue a credit for three months, but investments require one, two, or three years. The second issue is as follows: It is necessary to make people get rid of their dollars, not under pressure (by the way, no one invited the dollar into Ukraine, it squeezed itself in), but by persuading them through the force of economic changes. This, however, will take an additional six months. Do you know what will take place then?

The hryvnya is being introduced. We exchange 100,000 coupons for one hryvnya. (I give an example in conditional terms because I am not a member of a commission for monetary reform; I do not know what is going on there). We are linking the hryvnya rate to that of the dollar. One dollar costs 1.5 hryvnya [H]. Given 1-percent monthly inflation, this is 13-percent annually. This rate can be kept for a year. What does it imply? Let us assume that you have $1,000. The situation is stable. Let us calculate. If I sell $1,000, I will receive H1,500. Given 13-percent inflation, they will pay, for example, a yearly interest of about 15-percent. This is a reasonable interest. We multiply it and receive H1,725. The hryvnya rate is stable. I require dollars. I divide H1,725 by 1.5 and receive $1,150. I, however, have put $1,000 into my account. Which dollar account could provide such an interest to me? In what currency is it more profitable to keep one's money? In hryvnyas. This process is typical for many countries. The people deliberately refuse [to keep their money in] rotten dollars. They willfully bring their dollars to banks. Foreign exchange implies investments, moreover, noninflationary ones. This trend is on track. The share of credits issued to the private sector is decreasing, while the share issued to the state sector is increasing because profiteering on the difference in the interests has become unprofitable.

[Tytova] Viktor Mykhaylovych, there are few people who believe that the real wage amounts to $50, because prices of commodities are rising. The price of sugar was 70,000 karbovanetsi [K] yesterday, today it is K110,000.

[Pynzenyk] One should never estimate inflation based on a single product. There is a set of products. This month, prices for foodstuffs will be reduced. There is also a seasonal impact.

[Tytova] These are purely bazaar, not market, relations. There are many monopolists; they would rather let their products rot than reduce prices.

[Pynzenyk] Yes. Even a monopolist, however, has to take reality into account. Prices are being reduced in both the state sector and collective farm markets. Prices of foodstuffs were reduced by 2.1 percent, products sold in collective farm markets by 5.4 percent, and industrial products by 0.9 percent between June and July.

[Tytova] Viktor Mykhaylovych, when you took the reigns of power for the second time you said that you did not want to be a scapegoat because you knew what it implied. Today we state: Nothing has changed. All sins are blamed on you; the ministers betray you one after another; your name irritates the people; there are rumors that Pynzenyk tends to sacrifice the people's interests. How do you feel yourself in such an environment?

[Pynzenyk] I got used to it. When "White Rose" was not broadcast it was me who all the people — for some reason — blamed. In addition, it turned out that I banned Ostankino! As regards charging me with cutting back on social programs, let us specify who indeed requires these social programs.

I have always insisted and will insist on the following: The share of spending on social needs within the budget should go up. Life is difficult for everyone now. The state can help all the people, but it must help only the poorest. This is the principle that I support: Welfare must not be distributed evenly among all the people. Last year, by the way, 164,000 cars were brought to Ukraine. Hence, the people are not poor. I, however, have always opposed increasing wages by means of empty money. Everyone now realizes that this leads to a drop in living standards. It is better to increase the living standard by 2-3 percent monthly than to do this in a volley, to the benefit of no one. According to my estimates, it is possible to raise the real wage in Ukraine to $100-$120 — without an increase in production output — by cutting off channels of distributing shadow economy profits. Financial stabilization makes it possible to do so.

[Tytova] Who played first fiddle when the government was nominated? Why are there so many deputy prime ministers? Is it not better in our situation to have a more authoritarian government?

[Pynzenyk] There should be various viewpoints. The most important thing is that the government must be a group of single-minded people. One individual is regarded as an outsider, but when the government is a single kernel, it cannot be crushed. [The government] should — and it can — have an impact on many people. A lot of issues would have been resolved by other means had we — including myself — gotten rid of illusions in time. Obvious things should have been explained to others; materials should have been published, wired for sound, and so on.

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[Tytova] Thank you for the interview. I wish you good a rest....

[Pynzenyk] And then I will begin the battle!

National Program for Mining, Metallurgy Detailed

WS1508105095 Kiev UKRINFORM in English 0610 GMT 15 Aug 95

[From the "Business News Weekly" feature No. 32, 7-13 August 1995]

[FBIS Transcribed Text] On August 10, the Ukrainian Cabinet of Ministers adopted the "Concept for Developing the Ukrainian Mining and Metallurgical Complex in the 2000-2010 Period."

Having been adopted by the Ukrainian Cabinet of Ministers, the concept thus has the status of a national program, the implementation of which is compulsory.

The concept provides for, among other things, decommissioning metallurgical plants that are obsolete and dilapidated, including half of the open-hearth furnaces currently in operation. It also provides for suspension of about 30 percent of superfluous metallurgical plants. Such plants will, however, be maintained in case of increased demand for their products.

The concept also envisions reducing the volume of cast-iron exports (one of the industry's major export products) to a minimum, producing it only for further processing. As a result, blast furnace production of cast-iron is to be reduced by 30-40 percent by the year 2000.

Production of rolled metals is to increase to 20-25 million tonnes per year by the year 2000. About 17 million tonnes were produced in 1994, even though Ukraine has the capacity for producing twice that amount. In addition, the concept states that substantial increases in demand for the range of rolled metals used in Ukraine should not be expected before the year 2000, since investment opportunities are limited.

The concept provides for a reduction in the volumes of export of ferro-alloys and manganese ore concentrates. According to the concept, priority should be given to production of ferro-alloys for which there is a raw material base in Ukraine: Medium-carbon ferro-manganese, ferro-titanium, ferro-vanadium, and high-carbon ferro-chromium alloys.

As of now, Ukraine is one of the leading suppliers of ferro-alloys to the former republics of the Soviet Union.

According to Ukraine's Industries Minister Valeriy Mazur, in order to implement the measures provided for in the concept, the Industries Ministry, together with the Ukrainian government, will offer assistance to factories which are of strategic importance to Ukraine, for example, the Dzerzhinsk Dneprovskiy factory for which 80 million dollars out of the planned 120 million dollars has already been spent on reconstruction.

Facilities which are not of strategic importance, such as the Kramatorsk and the Konstantinovsk metallurgical factories, will most likely be deprived of government assistance and left at the disposal of their stockholders.

The minister maintains that his main goal does not involve retaining government ownership of even the most profitable enterprises.

The Industries Ministry and the Ukrainian government will be involved in regulating foreign economic operations, with the aim of, firstly, protecting Ukrainian producers threatened by anti-dumping measures and, secondly, participating in setting prices.

It is assumed that prices of products will be set by collective decision with the participation of directors of enterprises.

The minister is of the opinion that the main aim of the metallurgical complex's foreign economic activities is to retain Ukraine's current position, which is quite good for a nation whose political influence is not the greatest in the world.

The priority export markets for Ukraine's metallurgical products are in the CIS, Asia, and the Middle East.

Mr. Mazur is one of the most active advocates of the idea of creating financial-industrial groups, for whose products Value Added Tax will be substantially reduced or will not be charged at all.

Following is a short description of the Ukrainian metallurgical sector, based on the Ukrainian Industries Ministry's figures for the first half of 1995:

Total number of enterprises — 363

state-owned enterprises — 211
leased enterprises — 26
private enterprises — 81
corporatized enterprises — 45

Following are the shares of the metallurgical enterprises in the Ukrainian industrial sector:

production of commodity goods — 13.4 percent

capital assets — 13 percent
number of employees — 6.5 percent
electrical energy consumption — 15.6 percent
fuel consumption — 14.2 percent
cost of capital assets — 713,636,094 mln. krb.

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growth rate as of first half of 1994 — 92.5 percent
product cost — 523,750,531 million mln. krb.
production profitability — 14.8 percent
profits on sales — 78,670,920 mln. krb.
payments into the budget — 57,529,610 mln. krb.
enterprises' own circulating assets — 104,384,525 mln. krb.
shortage of circulating assets — 150,519,256 mln. krb.
debts receivable — 198,056,722 mln. krb.
accounts payable — 314,368,303 mln. krb.
number of employees — 527,200

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Belarus

Talks With Chinese Trade Delegation Assessed

WS1508104795 Minsk BELAPAN in English 0730 GMT 15 Aug 95

[FBIS Transcribed Text] On August 14 the official visit of the governmental delegation of the People's Republic of China on trade and economic cooperation was over. The delegation was headed by the Deputy Minister of Foreign Trade and Economic Cooperation of China Sung Zheng Yui [title and name as received]. The principle result of the visit was signing the Trade Memorandum on mutual purchases of goods between the Republic of Belarus and the People's Republic of China. The Memorandum was signed by Mr. Zheng Yui and by the Deputy Minister of Foreign Economic Relations of Belarus Mikalay Leshchanka.

Commenting on the results of the visit the head of the Chinese delegation estimated that his purpose of coming to Belarus was to implement the agreements achieved during the visit of the Head of the State Council of China Li Peng. Mr. Zheng Yui gave a high estimation to meetings of members of the Chinese delegation with directors of Belarusian enterprises and entrepreneurs. He said that direct contacts lay a firm basis for the future Belarusian-Chinese cooperation. The Chinese party were impressed by a visit to the Belarusian enterprises "Belaruskaliy" and "Planar."

The Deputy Minister of Foreign Economic Relations of Belarus Mikalay Leshchanka also gave a high estimation to the visit of the Chinese delegation. "First of all it means new markets for Belarusian producers," he said. According to him, the cooperation between Belarus and China is steadily growing. Last year the Belarusian export to China was 43 million U.S. dollars while by July 1, 1995 it was 42 million U.S. dollars.

Guidelines for the Belarusian-Chinese cooperation were outlined by the First Deputy Minister of Foreign Economic Relations of Belarus Albert Dabramudraw. First of all it is creating a joint venture to produce 30-tonne and 40-tonne dump-body trucks on the basis of the "BelAZ" automotive plant in Zhodzina. The technical and economic grounding of the project has been prepared and at the moment it is being elaborated. The Chinese counterpart has been chosen. Mr. Dabramudraw estimated there are large prospects in machine-building. A new programme on setting up Chinese automotive industry is adopted in China, he said. For its implementation means of production will be needed. Belarusian machine-building plants experienced in supplying the Russian "KamAZ" automotive plant may be very useful to the Chinese part. The first contract of the sort at 4.5 million U.S. dollars has been signed by the October Revolution Plant and is already being implemented. Belarusian chemical enterprises also have good prospects of cooperation with the Chinese party. According to Mr. Dabramudraw, the legal basis for successful development of Belarusian-Chinese trade and economic relations has been developed. The agreements on trade and economic cooperation, cooperation and mutual protection of investment, avoiding double taxation are signed. In other words, all prerequisites so that the enterprises of Belarus and China may develop efficient cooperation are created.

Russian Team To Discuss Missile Troop Withdrawal

WS1408111995 Minsk MMC in English 0905 GMT 14 Aug 95

[FBIS Transcribed Text] On August 8, a group of representatives of the Russian presidential inspection department began their work in the republic. In the course of their visit, the objective of which is to inspect Russian military objects on the Belarusian territory, they are to study military readiness, the security level of arms and ammunition storage, and the ecological situation in the area where strategic missile troops regiments are stationed. Russian representatives are accompanied by workers of Defence Ministry National inspection agency and the presidential administration of the Republic of Belarus. According to unofficial information, Boris Yeltsin's representatives are planning to discuss with the Belarusian side the possibility of adjusting the missile troops withdrawal schedule due to the fact that military settlements on Russian territory are not prepared. On August 23 the Russian inspectors will finish their work.

Over 20,000 Draftees Enlisted This Year

WS1408141495 Minsk Radio Minsk Network in Belarusian 1200 GMT 14 Aug 95

[FBIS Translated Text] Over 20,000 boys have been drafted into the Belarusian Army, Border, Interior, and Railroad Troops, as well as KGB units for compulsory military service during this year's spring and summer draft. This has made it possible to completely accomplish the objectives of the draft set by President Alyaksandr Lukashenka, commander in chief of the Belarusian Armed Forces — two-thirds of the drafted contingent have been sent to the Armed Forces.

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Moldova

Iranians Want Parts To Repair Soviet-Made Weapons

AU1408112895 Chisinau BASAPRESS in English 2000 GMT 11 Aug 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 11/8/1995 — Iranian businessmen were interested in buying Moldovan products to repair Soviet-made armament. Recently, an Iranian delegation has visited Chisinau and negotiated with Moldovan officials and the Mezon enterprise managers on deliveries of spare parts for the Iranian Army, Viktor Nikulin, Mezon director general, stated at the Industry Ministry College. However, no contracts were signed because of "the incompetence of certain local specialists not familiar with marketing," said Nikulin. Contacted by BASA, Mezon representatives refused to give any comments. Independent experts felt sorry that the negotiations failed, given that Chisinau intends to make significant oil imports from Iran and this contract has started with a $18-million funding for the imports. Mezon, one of the leading military-industrial enterprises of the former USSR, situated in Chisinau, is currently producing electronic chips, computers, tape recorders, and other electric home appliances. Earlier, the Industry Ministry reported that only 15-50 percent of the former military-industrial capacity are used, in which Moscow invested billions of rubles, because there is no demand for their output.

Army in Dniester Region To Destroy Ammunition

LD1408150995 Moscow ITAR-TASS in English 1352 GMT 14 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW August 14 (ITAR-TASS) — Ammunition of the former 14th guards combined-arms army in Moldavia's Dniester region assigned for elimination will be destroyed within three days, said Lieutenant-General Valeriy Yevnevich, Commander of the Operational Group of the Russian Armed Forces in Moldavia. He told on Monday ITAR-TASS over the phone that 3,804 units of shells and mines manufactured in the prewar and postwar years and no longer suitable for firing are still kept in depots. The technology of destruction has been perfected, they will be eliminated in a matter of days.

The destruction of ammunition was halted because of the need to check the ecological characteristics and forecasts of consequences of the explosions, Yevnevich said. Military and civilian experts and Chief of the Dniester territory Igor Smirnov visited the area of Rybnitsy city where the depots are situated. "For several days we have been conducting additional surveys and held consultations with ecologists and with representatives of the local administration," Yevnevich said.

The additional verification showed again that the destruction of outdated ammunition does not damage the environment. Quite the contrary, the destruction of shells and mines will enhance safety at military depots and will serve as a guarantee against hazardous consequences for the local population.

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Kazakhstan

Almaty Denies Reports of Uranium Deal With Libya

LD1408134995 Moscow INTERFAX in English 1217 GMT 14 Aug 95

[FBIS Transcribed Text] ALMATY, Aug 14 (INTERFAX) — Kazakhstan's Vice Foreign Minister has denied Western reports allegating Almaty is planning to strike a deal on uranium sales to Libya. "There have not been any contacts with Libya in respect to the possible sale of concentrated or enriched uranium," Bulat Nurgaliyev told INTERFAX on Monday.

He said that Libya, subject to U.N. sanctions, had never raised the question of possible uranium imports from Kazakhstan. "Nor has Almaty discussed the possibility of uranium sales to Tripoli," he said.

"Any contacts with Libya are impossible," Valeriyan Shemanskiy, First Vice President of the KATEP company (Kazakhstan's stock company for nuclear energy and industry) told INTERFAX.

He said "Almaty is well aware of the undercurrents in the uranium market and is therefore very careful as far as any uranium deal is concerned".

Shemanskiy said any potential buyer must be a signatory to the non-proliferation treaty and open its nuclear installations for inspection by the International Atomic Energy Agency before striking a uranium deal with Almaty.

In the meantime, Libyan embassy officials in Moscow declined to comment on reports about Tripoli's plans to buy uranium from Kazakhstan. A senior Libyan diplomat said he did not want to comment on any information he did not have.

Wide Powers of President Nazarbayev Explored

954F3011A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 47, 9-16 Jul 95 p 8

[Viktor Kiyanitsa report: "The Frenchman's Lessons"]

[FBIS Translated Text] One further public referendum, the second in six months, awaits Kazakhstan, supposedly, at the start of September. The draft new constitution of the republic will be put to it. Immediately following the first referendum, which confirmed the powers of the present president until the year 2000, Nursultan Nazarbayev began to talk about the speediest implementation of constitutional reforms. At the end of May the president signed a decree on the creation of an expert-advisory council on the draft new constitution. The activity of the council and the working groups drafting the new basic law has not been specially advertised. Nonetheless, as far as is known, four versions of the draft have appeared as of this time, three of which were presented by people from the president's immediate entourage. The version prepared by Nagashbay Shaykenov, the republic's justice minister, is the winner.

Many specialists have noted in it quite a clear similarity "not in letter but in spirit" with the Constitution of France. This opinion is indirectly borne out also by the recent visit to Kazakhstan at the personal invitation of the president of Roland Dumas, chairman of France's Constitutional Court. According to certain information, he offered Nazarbayev practical assistance in preparation of the new basic law, and, to judge by the published draft, this assistance was accepted.

The main feature of the draft offered for discussion is strong presidential rule. Article 2 points out that Kazakhstan "is a unitary state with a presidential form of rule." The powers of the president are very, very extensive. He appoints the government and schedules regular and special parliamentary elections, signs or rejects all laws, adopts the decisions on the holding of a referendum, and is the supreme commander in chief—28 clauses of authority altogether.

Another feature of the draft is the bicameral parliament. Seven members of the upper house—the Senate—are appointed by the president himself, what is more. The rest, two representatives per oblast, are elected not by the public but at a joint session of all representative bodies of the given oblast.

The draft also contains the institution of impeachment. But the president may be dismissed from office only on two grounds—either "a persistent incapacity for exercising his authority owing to illness," which has, in addition, to be proved, or "in the event of his having committed treason," also to be proven unconditionally.

The draft makes provision for a wide spectrum of the citizens' rights and liberties—from the right to life through the right to strike, freedom of speech, and the prohibition of censorship. A point of importance for the multinational population of Kazakhstan is the fact that only Kazakh is the state language, but Russian is recognized as "official" and is used in state bodies on a par with the state language. The qualification of the rights and liberties of the citizens on the grounds of ignorance of the state language is prohibited. The draft makes no provision for the institution of dual citizenship. And a new name is specified for the country itself—the Kazakh Republic.

Nursultan Nazarbayev has called the draft constitution offered for public discussion "an integral, precise, and

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practicable treaty of the people and the authorities." On the part of the authorities, by all accounts, this treaty has already been signed, virtually.

Kyrgyzstan

Akayev Views 'Catastrophic' Economic Situation

954F3044A Moscow DELOVOY MIR in Russian 22 Jul 95 p 3

[Report on speech by President A. Akayev at enlarged session of the government; date not given; by journalist Yuriy Razgulyayev: "The Situation Is Becoming Dangerous"]

[FBIS Translated Text] Bishkek—Addressing an enlarged session of the government, President A. Akayev declared that he personally knows of 46 enterprises that have "matured" to the point of bankruptcy. This is obviously the result of his recent tour of oblasts of the republic, when the head of state saw with his own eyes how profound the crisis which has struck the Kyrgyz economy is.

More than 100 large and medium-sized enterprises were idle in May, for example. Approximately as many again were completely insolvent. But there as yet has not been in Kyrgyzstan a single instance of the liquidation of an insolvent plant or firm for this reason. The psychological factor is having an effect also, most likely. After all, the very procedure of bankruptcy was until recently considered utterly unacceptable for us.

The zero level of bankruptcy in Kyrgyzstan is explained not only by psychology, though. How, for example, are the electric bulb plant in Mayli-Say or the coalmine in Kyzyl-Kiy to be liquidated if each is the sole plant in its community or city even. The bankruptcy of such an enterprise means the virtual extinction of the entire locality. We can understand the leaders of state administrations, who are resisting to the end the liquidation of unprofitable and insolvent enterprises.

Nonetheless, such drastic measures will have to be undertaken, the president believes. For the republic's economy has for the umpteenth year been falling precipitously into the abyss. The slump in industry alone last year constituted 26.7 percent. And in the first quarter of the present year, a further 20 percent almost. And the most difficult situation is shaping up, what is more, in the so-called finishing branches, which provide finished products and commodities.

"We are gradually becoming a raw material appendage of the world economy," A. Akayev sorrowfully affirmed. "From an industrial-agrarian country, we are becoming a backward 'African' country."

The speech of the head of state to members of the government and leaders of local state administrations was unusually emotional and sharply worded. He bluntly described the situation in the economy as catastrophic. One out of every five enterprises, virtually, has long been at a standstill. The rest are operating just to pile up stock—1.3 billion som of unrealized output has already accumulated there, and many tens and hundreds of millions more are added each month.

All these commodities have been pushed out of the local stores by Chinese and Turkish imports. Whereas in 1991 the share of proprietary merchandise in the republic constituted 70 percent, and that of imported goods, 30 percent, now this ratio is the other way around. An adverse trade balance of 2 billion som is expected in this connection in 1995.

"How will we cover it?" A. Akayev asked the ministers. "Where will we obtain $200 million?"

This curt tone of the president is in very clear contrast with the assessments of the situation in the republic which are made by the International Monetary Fund and the World Bank. Literally several days prior to the noisy session of the government, these international organizations announced in Paris that the reforms in Kyrgyzstan were on track and allocated it $680 million—considerably more than even the local reformers were expecting.

Formally, the overseas advisers are right, possibly. Inflation in Kyrgyzstan in the present year has constituted only 1-1.5 percent a month. The national currency—the som—has held firm for quite some time. If these indicators, as the people say, "could be eaten," there would, obviously, be no problems. But many experts believe that financial stabilization is being achieved in the republic thanks to an artificial reduction in currency circulation and a lowering of the public's purchasing power. And this is being achieved, as in Russia, what is more, in the most austere fashion—by way of delays in the disbursement of wages and even pensions.

President A. Akayev himself acknowledged that this debt—to mothers, old people, the sick, and the handicapped—long ago exceeded 500 million som. And is growing by a further 50-60 million each month. Such macroeconomics are hardly adding to the supporters of reforms in Kyrgyzstan. In any event, the deputies of the Zhogorku Kenesh—the Kyrgyz parliament—who meet with the ordinary people far more often than the president—are increasingly often opposing the harsh social price which is having to be paid for the market transformations. Specifically, they rejected A. Akayev's proposal that the state's wage debt be paid off in bonds.

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The president took an even stronger swipe at corruption. According to his estimates, the income of the criminal structures is entirely comparable with the amounts of the biggest branches of industry. And these millions plundered from the people surfaced, in his opinion, in the course of the last election campaign, which the people described in two words—anything goes. And this opportunity to release for the election campaign money that had not even been laundered yet was accorded "hard-nosed businessmen" by the law enforcement authorities, which, according to A. Akayev, are not in practice combating economic crimes.

As we can see, the speech of the head of state on purely economic matters proved to be strongly politicized. This is perfectly understandable. The situation in industry, and in agriculture particularly, has become so adverse that these are no longer just dry figures of statistics. Behind each of them are people's fortunes and life itself, which is becoming increasingly difficult by the day. The Public Education and Science Workers Union recently sent the president a letter, which announced that 90 percent of teachers are today below the poverty line. Unemployment is growing. The youth from the mountain areas are fleeing to the cities, inflaming the already high-crime situation.

President A. Akayev acknowledged for the first time publicly, perhaps, that not all is well with the reforms in Kyrgyzstan. His critical charge reached the point of his expressing a number of unflattering words to the foreign advisers and experts. Specifically, he admitted the ineffectiveness of the PESAK program, which is to reorganize bankrupt enterprises.

"We need to give more thought to people, to our compatriots," he said, "not seize on every word of the IMF or the World Bank...."

There is in all these attacks a substantial veneer of populism also, of course. For in 1996 Askar Akayev faces what are, in fact, his first real elections. Prior to this, he had been elected via parliament or via a single-candidate referendum. Now, however, a struggle of an entirely different level lies ahead.

An adverse and contradictory situation is shaping up today for the head of the young independent state. Wherever you look—headaches. This, in my view, explains the unusual irritability of the always composed and refined president, his threats to "break up and dismiss," and his demands that people "urgently draw up and report" and "rectify and eliminate."

Judging by everything, the president and all of the new authorities have found themselves at a decisive crossroads. The harsh monetarist policy of the international sponsors demands a further "tightening of the screws" and "belt-tightening." The latest example is the sharp reduction in the funding of public education and health care. Everyone in the republic knows that this was done under pressure from the IMF. If this continues, a social explosion is, as A. Akayev himself confesses, inevitable.

But nor can this path not be taken, the reformers believe. All the plans and all the program's of the president's team are oriented toward Western assistance. "Without it, we cannot raise ourselves up"—this is the main refrain of all conversations with its members.

The members of parliament have departed on vacation. Hardly having embarked on work and not even having had time to meaningfully divide powers between the two chambers, they nonetheless were in a hurry to avail themselves of the advantages of their new position and to relax properly.

All is being postponed until the fall. It may be boldly assumed that this will be a time of serious personnel shuffles, a time of difficult choice of future path for the young independent state. In any event, A. Akayev's extremely sharply worded speech at the government session clearly testifies that there will have to be serious course corrections here.

Tajikistan

Reportage on Tajikistan, United Nations Talks

Foreign Minister Confers With UN Envoy

LD1408101295 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 14 Aug 95

[FBIS Translated Text] Today Tajikistan's Foreign Minister Talbak Nazarov received Ramiro Piriz-Ballon, special envoy of the UN secretary general to Tajikistan. We remind you that Piriz-Ballon arrived in Dushanbe from Kabul on Saturday. In Kabul he met with Sayed Abdullo Nuri, leader of the Islamic Movement of Tajikistan. During today's meeting, Piriz-Ballon and Talbak Nazarov exchanged views on the results of Piriz-Ballon's meetings with the leaders of the opposition. The two also exchanged views on the next round of Tajik talks.

UN Awaits Progress Before Fifth Round

LD1408113295 (Clandestine) Voice of Free Tajikistan in Tajik 0300 GMT 14 Aug 95

[FBIS Translated Excerpt] Ramiro Piriz-Ballon, the UN secretary general's special envoy to Tajikistan, has left for Dushanbe after a meeting with Professor Sayed Abdullo Nuri, the leader of the united Tajik opposition

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forces. Although the press center of the united Tajik opposition forces has not given a clearer explanation about this, analysts consider Piriz-Ballon's visit to have been businesslike, and say that the UN envoy (wants) to make the sides solve the main issues to be discussed [at the planned fifth round of Tajik talks].

The United Nations wants no decision on holding the fifth round of Tajik talks to be taken until it is clear that the talks will bear results. [passage omitted]

The latest UN efforts are in themselves acceptable. Piriz-Ballon has repeatedly declared that the United Nations is at present waiting for a breakthrough in the Tajik crisis. [passage omitted]

Piriz-Ballon says that he does not want to see the talks on the verge of total collapse. However, it is reported that up to now no detailed account has been received on the results of Piriz-Ballon's talks with Abdullo Nuri.

A spokesman for the Islamic Movement of Tajikistan said that the issues that the opposition wants to have included in the agenda of the fifth round were considered during the course of the meeting. These issues concern the distribution of power — political power — and include the formation of a council of national reconciliation, a transitional government, and other points.

Reportage on, Reaction to Replacement of Ministers

Edict Replaces Ministers

LD1508094095 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 15 Aug 95

[FBIS Translated Text] An edict by the president of the Republic of Tajikistan on releasing Yaqubjon Salimov from the office of interior minister of the Republic of Tajikistan:

According to Article 69 of the Constitution of the Republic of Tajikistan, I decree:

1. Yaqubjon Karimovich Salimov is released from the post of interior minister in connection with his transfer to a diplomatic job.

2. The aforementioned decree is to be submitted for approval to the Supreme Assembly of the Republic of Tajikistan.

[Signed] President of the Republic of Tajikistan Emomali Rakhmanov.

An edict by the president of the Republic of Tajikistan on the appointment of Yaqubjon Salimov as ambassador extraordinary and plenipotentiary of the Republic of Tajikistan to the Republic of Turkey:

According to Article 69 of the Constitution of the Republic of Tajikistan, I decree:

Yaqubjon Karimovich Salimov is appointed ambassador extraordinary and plenipotentiary of the Republic of Tajikistan to the Republic of Turkey.

[Signed] President of the Republic of Tajikistan Emomali Rakhmanov.

An edict by the president of the Republic of Tajikistan on the appointment of Saidamir Zuhurov as interior minister of the Republic of Tajikistan:

According to Article 69 of the Constitution of the Republic of Tajikistan, I decree:

1. Saidamir Zuhurov is released from the post of security minister of the Republic of Tajikistan and appointed interior minister of the Republic of Tajikistan.

2. The aforementioned decree is to be submitted for approval to the Supreme Assembly of the Republic of Tajikistan.

[Signed] President of the Republic of Tajikistan Emomali Rakhmanov.

An edict by the president of the Republic of Tajikistan on the appointment of Saidanvar Kamolov as security minister of the Republic of Tajikistan:

According to Article 69 of the Constitution of the Republic of Tajikistan, I decree:

1. Saidanvar (Qosimovich) Kamolov is appointed security minister of the Republic of Tajikistan.

2. The aforementioned decree is to be submitted for approval to the Supreme Assembly of the Republic of Tajikistan.

[Signed] President of the Republic of Tajikistan Emomali Rakhmanov.

New Interior Minister Appointed

LD1408175095 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 14 Aug 95

[FBIS Translated Excerpt] A solemn meeting took place today at the Ministry of the Interior of the Republic of Tajikistan. First Deputy Prime Minister Mahmadsaid Ubaydullayev made a preliminary speech and opened the meeting. In particular he said: Today we have assembled in order to send Yakubdhzon Salimov [outgoing interior minister] to an important diplomatic posting. Since the very first days of the resistance in the conflict between the Tajiks, he was one of the active leaders of the Popular Front that fought steadfastly

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for the observation of the law and to safeguard the constitutional structure of the country.

Ubaydullayev read an edict by President Emomali Rakhmanov of the Republic of Tajikistan on awarding Yakubdhzon Karimovich Salimov the Certificate of Merit of the Republic of Tajikistan. Then an edict by the head of the state on relieving Salimov of the post of interior minister of the republic, in connection with his transfer to a diplomatic posting, was read out. By an edict of the president of the country, he is appointed ambassador extraordinary and plenipotentiary of Tajikistan to Turkey. [passage omitted]

In another edict by President Emomali Rakhmanov of the Republic of Tajikistan, Saidamir Zuhurovich Zuhurov has been appointed interior minister of the republic.

Salimov Removed, Troops Take Precautions

MM1508080995 Moscow IZVESTIYA in Russian 15 Aug 95 p 2

[Report by Yuriy Snegirev: "Tajik Minister Prepares To Raise Revolt"]

[FBIS Translated Text] Dushanbe — The domestic situation in Tajikistan has worsened dramatically. Police armed with assault rifles have once again appeared on the streets of Dushanbe. Shots can again be heard at night. The deterioration is due to confrontation between the country's president Emomali Rakhmonov and Internal Affairs Minister Yakubdzhon Salimov.

These clashes have been brewing for a long time and now seem to have become acute instead of just chronic — that is, they are now armed. Prior to the civil war in Tajikistan, Salimov was one of Dushanbe's major racketeers. During the war he supported the Tajikistan People's Front and became one of the most prestigious field commanders. After the victory he received the Ministry of Internal Affairs [MVD] and began to intensively fill it with his own people, who not only had never worked in organs of law and order, but had on the contrary a rich criminal past. Many people in and out of Tajikistan have long accused Salimov of attempting to turn the MVD into a kind of racketeering brigade. His methods of dealing with personnel cause shudders. Local police say that he recently shot two GAI [State Automobile Inspectorate] personnel after a road traffic incident in which the minister's brother died.

Two weeks ago the Tajik president signed an edict removing Salimov from his post, but parliament failed to ratify this decision. Then a compromise was found — the minister of internal affairs was sent on vacation in order for a final decision to be reached in his absence. But last Friday 11 August the official authorities in Dushanbe received information that Salimov, who was in Khatlon Oblast, had already rallied 400 armed men to his banner and is expecting another 600 to arrive. According to confidential sources, there has also been a split among MVD personnel: Half support order while the other half support Salimov.

Russian troop units stationed in Tajikistan are taking major precautionary measures. In Dushanbe officers are now sent home after work in an organized manner, in buses. Border guards are also seriously worried about what is going on. According to them, the internal instability in Tajikistan will immediately affect the border. Lieutenant General Valentin Bobrishev, the new commander of the collective peacekeeping forces in Tajikistan, held an urgent meeting with a small group of people 11 August in connection with the deterioration in the situation.

Radio Comments on Removal of Salimov

LD1508112295 (Clandestine) Voice of Free Tajikistan in Tajik 0300 GMT 15 Aug 95

[FBIS Translated Excerpt] As you may have heard from reports, [Dushanbe] regime leader Emomali Rakhmanov replaced Yaqubjon Salimov as interior minister yesterday. The following is a commentary on its motives and the consequences for you: [passage omitted]

So the event that our analysts predicted has happened. Yaqubjon Salimov has gone. Will his departure eliminate one of the main sources of discord and tragedy in Tajikistan?

It is very difficult to answer this question because reports indicate that the transfer of the minister, who is connected with the criminal world, to a diplomatic posting was not an easy task for the president of the communist administration, because Yaqubjon, in response to Emomali Rakhmanov's demands to relinquish his post after [physically] beating up the president, said to him: We came together and we will go together.

The efforts of Yaqubjon Salimov, the right-hand man of Sangak Safarov [former Popular Front leader], in the latest tragedies in Tajikistan during his period of activity testify to the fact that he wanted to be at the top of the state created by his spiritual mentor [Safarov]. He was considered to be one of the most powerful domestic rivals to the head of the regime. To some extent, Yaqubjon was carrying out an independent policy in his ministry. However, his actions, which corresponded to criminal laws, made everyone — including the opposition and superpowers in the area — distance themselves from him.

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Yaqubjon Salimov had a great hand in oppressing and murdering the Muslim prisoners of Tajikistan and was one of those whose opposed peace talks between the state and the opposition.

Most analysts consider the replacement of Yaqubjon Salimov to be one of Rakhmanov's steps on the way to an accord with the opposition. But we think that this point of view has no realistic basis because the political problem of Tajikistan will not be resolved by the replacement or appointment of one or two people, even when they are key people. In order to resolve this, the entire structure and order in Dushanbe should be changed and this demands boldness, courage, patriotism, and faith. We could talk in detail about the motives and consequences of Yaqubjon Salimov being replaced but, taking this opportunity, I consider it to be necessary to mention two points:

First, another stage in the rule of the neocommunist regime and the order in Dushanbe that was connected with the criminal world has ended with the departure of Yaqubjon Salimov.

Second, Zuhurov's appointment, replacing Salimov, means that the policy of Dushanbe has changed — although only a little — because Zuhurov, unlike Salimov, did not come to the position from the streets of crime but is a professional. Of course, after he takes up his position, there will be changes in the Interior Ministry. The new minister, unlike Salimov, has a good record as regards policy and competence.

At times when Rakhmanov and Salimov were speaking about the opposition with disgust, Zuhurov stressed that talks and dialogue should be held with the leaders of the opposition, particularly with Professor Sayed Abdullo Nuri, who is the real leader of the opposition. Zuhurov expressed this wish in an interview to BIZNES I POLITIKA published in Dushanbe in July last year. [passage omitted]

Uzbekistan

Seoul Grants $115 Million for Telecommunications

LD1408170695 Moscow ECONOMIC NEWS AGENCY in Russian 1330 GMT 14 Aug 95

[FBIS Translated Text] The South Korean embassy has officially informed the Ministry of Communications of the Republic of Uzbekistan that a credit of $115 million has been allocated for the reconstruction of telecommunication networks in Uzbekistan.

The credit, which is granted by EDSF [expansion unknown], a governmental fund for development and cooperation, must be paid off within 20 years.

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Armenia

Premier Meets Georgian Counterpart on Economic Ties

LD1408172095 Moscow ITAR-TASS in English 1633 GMT 14 Aug 95

[By Tigran Liloyan]

[FBIS Transcribed Text] STEPANAVAN, Armenia, August 14 (ITAR-TASS) — Armenian Prime Minister Hrant Bagratyan and his Georgian counterpart Otar Patsatsiya met on Monday in Stepanavan, northern Armenia, to discuss economic cooperation between the two countries.

They alşo discussed the transportation of Turkmen and Russian gas via Georgia and Armenia, and customs issues.

The two prime ministers signed an agreement on economic relations and free trade.

After the talks, Armenian government chief spokesman Vladimir Manoyan said "the talks were productive and were held in the atmosphere of mutual understanding."

Border Situation With Azerbaijan Updated

NC1408174495 Yerevan Radio Yerevan in Azeri 1500 GMT 14 Aug 95

[FBIS Translated Text] The several defensive positions and residential areas close to Armenia's northeastern and northwestern border were fired on from Azerbaijani territory during the past week. Megri, Krasnoselsk, and Noyemberian Districts were among those fired on. The Armenian side returned the fire to silence the enemy gun emplacements. No one was wounded in these incidents.

Meanwhile, officials in Azerbaijan's Kazakh District and Armenia's Noyemberian District have concluded an agreement to provide security for the peasants in Azerbaijan's Kemerli and Armenia's Berkavan villages while they work in their fields.

ARF 'Forced To Halt' Reinstatement Activities

NC1408203195 Yerevan NOYAN TAPAN in English 1417 GMT 14 Aug 95

["ARF 'Dashnaktsutyun' Bureau Announces Forced Halt Of Its Efforts Aimed At Legally Securing Reinstatement of ARF Activities in Armenia" — NOYAN TAPAN headline]

[FBIS Transcribed Text] On August 11, Bureau of Armenian Revolutionary Federation [ARF] "Dashnaktsutyun" issued an announcement saying that it is "forced to halt" its efforts aimed at legally securing reinstatement of the party's activities in Armenia.

The announcement was explained by a claim that the authorities of Armenia have decided to deprive "Dashnaktsutyun" of any opportunity of free political activity and lawful functioning in its own country.

One of the reflections of this policy, the statement reads, was the arrest of ARF Bureau political affairs representative Vahan Hovhannesian and the July 31 statement by Security Council of Armenia in which "Dashnaktsutyun" is referred to as a "terrorist group" engaging in "anti-state activities."

Another proof of the policy are a number of statements made in public by various officials of Armenia claiming that "Dro" group functions within ARF structures, while the trial of "Dro" case is not even underway.

The statement says that today Armenia is governed by "dictatorship" which uses "Bolshevik methods" creating an "illusion of democracy".

"Therefore, the ARF Bureau asserts that the despotic regime established in our country is willing to resort to any violation in order to extend its authority and leadership, even threatening national terrorism against the nation and its supreme aims. Such a declaration of war against its own people cannot yield a productive outcome," the statement reads.

The ARF Bureau declares that imaginary and provocative announcements made against the ARF by the current regime have nothing to do with the ARF's objectives, mode of operation and actual policies.

'Economic Review' Comments on Currency Market

NC1408192095 Yerevan NOYAN TAPAN in English 1527 GMT 14 Aug 95

["Economic Review (August 6-13)" — NOYAN TAPAN headline]

[FBIS Transcribed Text] NATIONAL CURRENCY: U.S. dollar continues its downfall on the currency market of Armenia. At the end of the week cash dollar could be easily bought for 412 drams, and it was really hard to sell for more than 407 drams. For the week the average price for 1 USD fell from 414 to 410 drams, in other words by 1 percent plus 1.9 percent as compared with the previous week. At the same time there was a slight rise in the ruble quotation from 85 to 87 drams for 1,000 Russian rubles or by 2.4 percent.

During the week the Yerevan Stock Exchange held three regular sales in Yerevan and another one in Gyumri. They sold out 646 thousand dollars (210 thousand at Gyumri branch) and 605 million rubles (5 million at Gyumri branch). The tendencies observed the week before remained in force: the amount of dollars sold

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shortened by half, while the amount of rubles continued to rise (550 million for the previous week). What concerns the exchange rates, they do not accord to the demand tendencies observed on the market. At the end of the week the rate of Central Bank was 410.3 drams for 1 U.S. dollar showing a .14 dram rise instead of anticipated fall. The contrary happened with the Russian ruble — instead of the expected rise it fell by .2 drams to a level of 91.3 drams for 1,000 Russian rubles. All this testifies that the situation on the market is strictly controlled by the Central Bank.

The parity between the dollar rate and the Russian ruble on the domestic market is connected with the attempts of the Central Bank to "force" the ruble out of the circulation, especially in northern regions, and strengthen by this the positions of national currency. It is not accidentally that the only seller of foreign currency on the Exchange already second week in a row is limiting the sale of Russian rubles. Meanwhile, the demand for them, especially in cash circulation, remains high which raises its exchange rate. Besides, so far it coincides with the main tendency — fall of dollar at sales on Moscow Interbank Currency Exchange. For the week in question the dollar lost weight by 60 points falling from 4,465 to 4,405 rubles or by 1.4 percent.

The primary worry of Moscow analysts is in discrepancy between the inflation rate (5-6 percent per month) and ruble quotation (1.5-2.0 percent increase for the last 3 months). They apprehend that the astronomic amounts of rubles injected into circulation (the main buyer of foreign currency on Moscow Interbank Currency Exchange is the Russian Central Bank who is publishing these astronomic amounts) may one day result in another "Black Tuesday" like one in October of 1994.

There is another scale of transactions in Armenia, besides the careful emission and the negative inflation rate in August. All this seemingly secures Armenia from similar fate. Another optimistic circumstance is in the fact that in Armenia criminal structures interested in destructive processes possess less influence.

CONSUMER PRICES: Consumer market maintains balance of prices. There was a noteworthy fall in the prices for sugar (from 270 to 245 drams for kilo) and equally significant jump in the prices for eggs (from 400 to 530 drams for ten). The rest of prices and fees for primary goods and services remain at the same level yielding an overall index of consumer prices of 1.

CREDIT MARKET: Central Bank held two auctions of credit resources offering credits for total amount of 400 million drams. Credits worth of only 306 million were sold out. The reason for this is in the terms of repayment and the interest rate. Most of the credits were offered for 28 days (about 80 percent) at annual interest rate of 57.6 percent (4.8 percent per month).

ENERGY: By the end of the week there was a slight decrease of tension in the situation with energy due to increasing amounts of natural gas shipped to the Republic from Turkmenia. The question is, how long it is going to last?

Religious Intolerance Linked to Politics

954F3036A Baku ZERKALO in Russian 5 Aug 95 No 28, p 11

[Article by Nurani: "We Hit the Baptists, We Mean Azerbaijan?"]

[FBIS Translated Text] Church pogroms in Armenia, where the fascist proposition "one country, one nation, one creed" has been elevated to the level of official policy, do not contain anything surprising. Writing in our newspaper, the commentator Robert Arakelov depicted quite clearly the place in the mentality of Armenians occupied by the Armenian-Gregorian or Apostolic Church, which is an exponent of national, more precisely, nationalist, not religious, ideology. Plus it is no secret to anyone that a sizable number of various fraudsters, adventurers, and simply individuals with a murky past and dangerous intentions are making a living in the field of the "new faith." And attempts to limit the activity of missionary, neo-Buddhist, eclectic, and other sundry sects are being made in many countries—that the ways in which this is being done depend on the level of culture and legal consciousness of the leaders of the state and their subjects is another matter.

But it is not odious sects like the White Brotherhood or Aum Shin Rikyo which have been subjected to punitive measures in Armenia but mainly the sects whose disciples support pacifist beliefs or declare their nonparticipation in official policy. And this leads us to the idea of the far more serious (and dangerous) motives of the religious showdowns in Armenia than the customary religious intolerance multiplied by an absence of political culture.

The negotiations on a peaceful settlement of the Armenian-Azerbaijani conflict, which have been going on for more than a year now, have not, as practice has shown, led either to recognition of the Armenians of Karabakh as a party to the conflict or to the political enshrinement of the results of the aggression. And on top of everything the alignment of forces at the negotiations has changed sharply in recent months, and not in favor of the Russian-Armenian bloc, what is more: Ankara and Washington, besides Moscow, will henceforward have their ambassadors at large at the negotiations

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within the framework of the Minsk process. Under such conditions Armenia could refuse to take part in the negotiations within the framework of the OSCE, especially since its statements concerning a withdrawal from the Minsk process following the explosion at the gas pipeline on the territory of Georgia entailed no measures on the part of the world community. And since, as a result of V. Kazimirov's recent diplomatic somersaults, Russia's mediating mission—the sole real alternative to the OSCE—has been compromised, such a step by Armenia is tantamount to a withdrawal from the process of a political settlement, that is, to a resumption of combat operations. And, by all accounts, Armenia's ruling circles not only wished to restore the ideological monopoly of the Apostolic Church but also attempted to strike a blow at the religious basis of pacifist sentiments in the country and, simultaneously, at the activity of the pro-West religious sects. The goal for present-day Armenia is very urgent—in a country with the highest indicator of emigration in the former USSR no one wants to fight, invoking the assistance for justification of their own actions of, perhaps, Jehovah, perhaps Buddha, perhaps Krishna.

Thus behind the religious pogroms in Yerevan there is, by all accounts, an entirely terrestrial and shameless political game.

Azerbaijan

News Conference on New Election Law Held

NC1408200595 Baku TURAN in English 1256 GMT 14 Aug 95

["Attempt To Destabilize Situation in Azerbaijan Is Expected in September" — TURAN headline]

[FBIS Transcribed Text] Baku/14.08.95/TURAN — "None of basic proposals of political parties on the bill on election was adopted. This law is far from democracy", the head of party of Azerbaijan's National Independence, Etibar Mamedov, commented on the law on elections adopted by the Milli Mejlis on Saturday. [sentence as received]

During the press-conference dedicated to the results of Parliamentary discussions, Etibar Mamedov, noted the law is far from democracy from the point of view of control over electorial process, possibilities of use of mass media and ensurance of equal rights. "The parties will be able to take control only over the work of some commissions", he said.

Mamedov also mentioned the law cannot be called anti-democratic as well. He negatively assessed the intention of several political parties to boycott Parliamentary elections. "The boycott would have been incorrect step. The authorities wish many parties do not take part at the elections and create the conditions for formation of Parliament at their own discretion," Mamedov said. He thinks it is necessary to activize political will of population and involve it in pre-election process. "The activity of population will play its role in making elections democratic," Mamedov said.

He also said inside as well as outside of republic many people wish to break the elections. He said in September these forces plan to deteriorate situation in the republic. "Azeri President is interested in conduction of elections. However, in political and military leadership there are people, who do not wish elections took place. These forces serve the interests of other states," Mamedov said.

"The party of Azerbaijan's National Independence goes to elections independently. We do not wish to enter in alliances with other forces, which had been or currently in power. We do not wish to bear the responsibility for the mistakes and crimes they committed," Mamedov told Turan's correspondent. He said the party has enough strength to win elections. Mamedov believes only three parties — National Independence party, Musavat [Equality] and Yeni Azerbaijan [New Azerbaijan] — will be able to collect voices at the elections. He refused to speculate on how many votes can the PFA receive, because "this organisation is not a party yet."

Party Leaders Discuss Upcoming Elections

954F3039A Baku ZERKALO in Russian 5 Aug 95 No 28, p 5

[Comments by Abutalyb Samedov, chairman of the Alliance for Azerbaijan Party; Ali Kerimov, deputy chairman of the People's Front of Azerbaijan Party for Policy; and Etibar Mamedov, leader of the National Independence of Azerbaijan Party; place and date not given: "Preparations for the Elections or for a Boycott?"]

[FBIS Translated Text] Despite the fact that the election campaign has not yet officially begun and that the long-awaited Election Act has yet to be adopted, the coming parliamentary elections—the first since the restoration of Azerbaijan's independence—are already the central event of the country's domestic political life. The current drafts of the Election Act have been perceived very ambiguously in society, and directly opposite opinions of this provision or the other of the future election law are frequently expressed.

Today our newspaper affords representatives of both pro-government and opposition parties to express their attitude toward the current events. The discussion on this theme will be continued in our newspaper. We intend

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to refrain from our own assessments and comments, allowing the readers themselves to draw their own conclusions.

Abutalyb Samedov, chairman of the Alliance for Azerbaijan Party:

Following intensive discussion, the Constitutional Commission chaired by Geydar Aliyev, president of the republic, has finally approved a draft of the Election Act, which provides for the creation of a unicameral parliament formed on the basis of a mixed electoral system and has decided to present it for discussion to the National Assembly. What can be said about the other three drafts?

It is known that one draft provided for the creation of a unicameral parliament based on the majority system, another, on the proportional system. Despite the fact that the version presented by the National Independence of Azerbaijan Party benefited the strong parties and satisfied us also, both bills failed, on the whole, to correspond to the realities of Azerbaijan. For this reason the president decided at the last session of the Constitutional Commission to present for discussion only the two other drafts.

The Alliance for Azerbaijan Party has been a consistent supporter of the creation in Azerbaijan of a bicameral parliament. Representatives of our party have stated repeatedly that such a structure is more in keeping with the interests of the state, and its main advantage is the creation of conditions making it possible to protect the people and the state against the ill-considered irresponsible decisions of parliament. It is this that explains the existence of a bicameral parliament in all the world's developed countries. The rejection of this bill is regrettable. But in the discussion period the superficial arguments of the opposition parties and their presumptuous leaders against a bicameral parliament showed once again that the opposition has no chance of achieving high results at the coming elections.

The draft approved at the session of the Constitutional Commission will make it possible to hold the parliamentary elections democratically. And I hope that these elections will remain in the history of our state as the first democratic elections. The opposition's statements concerning the authorities' interest in nondemocratic elections are without foundation. I have no doubt that President Geydar Aliyev, who has made extraordinary contributions to our people and state, will try with might and main to ensure that the elections be held in democratic fashion and that he will prove once again that the interest of the state is for highest of all.

Together with this it should be considered that responsibility for the elections being held on a democratic basis lies not only with the president. All of us, the political parties primarily, bear responsibility for this.

An increase in the number of deputies elected on a proportional basis to 50 percent would be expedient in the bill presented to the National Assembly, evidently, and would permit the election to parliament of a large number of little-known, but intellectual, specialists.

I express confidence that the election results will be determined by parties' campaign activity and, first and foremost, the level of their leaders. So that the claims of some party leaders to 50, 60, and even 70 percent of the seats in parliament sound unserious, considering that these people have, aside from three or four words that they have learned by heart, nothing to say. As far as our party is concerned, I believe that, while saying nothing about percentages, the Alliance for Azerbaijan will undoubtedly be one of the three parties that scores the highest results at the coming parliamentary elections.

Ali Kerimov, deputy chairman of the People's Front of Azerbaijan Party for Policy:

The NFA [Azerbaijan People's Front] attaches great significance to the coming parliamentary elections and will try to ensure that they be held democratically. We believe that democratic elections will bring Azerbaijan political stability and will help create for our republic the democratic image that is so much needed. Unfortunately, there are serious obstacles to the holding of democratic elections. Specifically, the very procedure of the adoption of the Election Act and the drafts that have emerged show that our assumptions are not without foundation.

The National Assembly has scheduled election day and the timeframe for adoption of the act—up to 31 July. But discussion of this bill had not begun by 2 August. According to the information available to us, four bills were examined in the Constitutional Commission. The first provided for the election of parliament by the majority system. The second, by the proportional system, and the third envisaged a bicameral parliament formed according to a mixed system. We considered correct the withdrawal of the first three drafts from discussion since none of them is acceptable.

We are in principle supporters of the draft that has been presented to the National Assembly. But we have certain criticisms of this version also. First and foremost, the final draft specifies that 20 percent of deputies will be elected by the proportional system, 25 seats out of 125, that is. We are opposed to this and propose that the

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number of members of parliament be increased to 150-161 inasmuch as in world practice the parliament in countries that have approximately the same population consists of this number of deputies.

Azerbaijan has no democratic traditions, and the likelihood of election fraud is very high for this reason. With this state of affairs, in our opinion, the participation of all political parties in the elections and the possibility of supervision of them would prevent the anticipated fraud. It is for this reason that we consider expedient the election of half of the deputies on a proportional basis. The other half could be elected on a majority basis. This, incidentally, would afford extra-party forces an opportunity to be represented in the future legislative body.

Another fundamental objection of ours is connected with the fact that the draft that has been presented for discussion makes no provision for the participation of representatives of the parties in the election commissions. It is contemplated that they will be formed from the ranks of so-called nonparty people. But we know that in Azerbaijan government officials cannot be neutral because they are directly dependent on the executive. Our fundamental suggestion is that representatives of the political parties should necessarily be on the Central Election Commission and on the commissions of each election center. At the same time we agree with the participation of nonparty persons also. Two-thirds or one-half of the election commissions should be formed from representatives of the parties. This, in our view, is connected with the fact that the Election Act that has been presented makes no provision for an effective control mechanism, although this aspect is of paramount significance.

Nor does the bill determine the rights of the observers taking part in the elections, the news media, and the public.

We are opposed to the provision according to which political parties need to present a list containing 62,000 signatures for participation in the election campaign. Of course, the People's Front and several other large parties can take part in the elections, and for this reason our objection to this provision should not be seen as a manifestation of party interest. We believe that the bill should create as much as possible the conditions for the participation in the elections of as large a number of parties as possible. Sixty-two thousand signatures and the 8 percent quota afford the small parties virtually no chance.

Etibar Mamedov, leader of the National Independence of Azerbaijan Party:

Unfortunately, of the four proposed election bills, the Constitutional Commission submitted only two: the one presented by the leadership of the Supreme Council providing for elections to a bicameral parliament (to the upper chamber, by majority system, to the lower chamber, on a mixed basis) and the one presented by the Office of the President providing for elections to a unicameral parliament based on a mixed system.

As you know, our party had presented a bill providing for a proportional system of elections to a unicameral parliament. There was a fourth bill also contemplating elections to a unicameral parliament by majority system.

Following discussion of the first two drafts, it was decided to rest the choice on the bill prepared by the Office of the President. The country's president explains the Constitutional Commission's choice in favor of the draft providing for the formation of a unicameral parliament by the fact that it would be hard to explain the creation of a bicameral parliament to the country's population. The president himself declared at the commission session that he was a supporter of the creation of a bicameral parliament, whose upper chamber would be elected by majority system, and its lower chamber, by a mixed, proportional-majority, system.

So at the president's suggestion the commission chose the draft Election Act providing for the creation of a unicameral parliament elected by a mixed system—100 deputies by majority, 25, by proportional, system. The draft act proposed by the authorities withstands no criticism because of its undemocratic character. It fails to provide for a mechanism of supervision of the course of the elections. All election commissions must be formed by state authorities from people working in the state authorities. No provision is made for the participation of representatives of the parties in these commissions. Nor is provision made for political parties' access to the official news media.

In addition, many of the provisions of the draft afford an opportunity for fraud. For example, servicemen, according to the draft, are to vote by mail. I am altogether opposed to servicemen's participation in the elections. Each polling station is geared to 3,000 constituents. If each person is allotted just one minute for voting, this will take for 3,000 persons 48 hours. And the polling stations will be open for only 12 hours. I believe that the authorities want to form a parliament that is an obedient instrument in the hands of the institution of the presidency. They have spoken about this openly, declaring that the election to parliament

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of incidental people cannot be allowed. R. Guliyev believes that the creation of a bicameral parliament would be better from this viewpoint. In his opinion, the upper chamber would be a dependable barrier against a "destructive" lower chamber. The speaker also declared that the aspiration of the PNNA [National Independence of Azerbaijan Party] to the election of a parliament entirely according to the proportional system would signify the total politicization of society, which is fraught with the danger of fascism.

The authorities are endeavoring in this way to limit the participation of political parties in the elections, and this is linked with their unsuccessful attempts to create a party that has great authority among the people. That there are a great many parties in Azerbaijan is a baseless argument for limiting political parties' participation in the elections. This problem is easily resolved—only the parties that have primary organizations in more than half the rayons of Azerbaijan should be admitted to the elections.

According to the draft Election Act, parties that have mustered not less than 8 percent of the vote will be represented in parliament. A quorum is secured with 50 percent constituent participation. What the Election Act will actually be like is for parliament to decide, but if it is adopted in its present form, insufficiently democratic, consequently, the PNNA's participation in the elections will be in doubt.

Former Self-Defense Battalion Commander Arrested

NC1408194195 Baku TURAN in English 1253 GMT 14 Aug 95

[FBIS Transcribed Text] Baku — The former Commander of Lachin's self-defence battalion, Arif Pashayev, was arrested August 12 at night.

The police unwarrantly arrested him, Arif Pashayev's father told TURAN. The apartment where Arif Pashayev lived was searched. Nobody gave explanations to the members family.

It is unknown who ordered to arrest him and what are the reasons for arrest.

The observers believe, Pashayev's arrest must be considered together with the arrest of the head of self-proclaimed Talysh-Mugan republic, Alikram Gumbatov, and the officer of the Ministry of National Security ward, Faik Mirzoyev. One can suppose that examination of these persons revealed new facts on the escape of four prisoners from the ward of the Ministry of National Security September 22, 1994. As is known, Arif Pashayev was one of those escaped, who then having received the safety guarantees voluntarily surrendered to the authorities.

It should be mentioned the trial concerning the seizure of Lachin and Shusha by Armenian troops did not find Arif Pashayev guilty and sent the case for re-investigation. On May 12, 1995 Arif Pashayev was released right in the court house.

Yesterday the official sources reported, the brothers of ex-Defense Minister, Rahim Gaziyev, who "put resistance during escape of four prisoners from the Ministry of National Security, were arrested in Sheki and Baku". One can suppose the examination of Gumbatov, Mirzoyev and brothers Gaziyev revealed the facts, which caused the arrest of Arif Pashayev.

Georgia

IMF Official Praises Economic Reforms

LD1408180795 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 14 Aug 95

[FBIS Translated Excerpt] Eduard Shevardnadze, the chairman of the Georgian Supreme Council and the head of state, today received Shadman Valavi, the head of the International Monetary Fund mission to Georgia.

Valavi said he was pleased to be in our country once again and told the head of state that the IMF Executive Committee session had positively assessed economic reforms under way in Georgia.

He spoke about the results of the conclusive work carried out by IMF representatives and Georgian colleagues. He noted that the program is being carried out realistically, taking into consideration all criteria, and noted that this may make it possible to repeat an assistance program to Georgia.

The head of state thanked the guest for the assistance rendered by the International Monetary Fund. [passage omitted]

Ardzinba Reroutes Russian Food Aid to Abkhaz Army

LD1408154295 Tbilisi CONTACT INFORMATION AGENCY in Russian 1500 GMT 14 Aug 95

[FBIS Translated Excerpt] Abkhazia [no date as received] — It has become known from sources close to the separatist circles that the aid given to Abkhazia by Russia will go completely toward the needs of the so-called "Abkhaz army" on the personal order of [separatist leader Vladislav] Ardzinba. The separatist leader announced at one of the sessions that the aid is necessary to feed "our chivalrous soldiers." [passage omitted]

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Weekly Interview With Head of State Shevardnadze

LD1408135995 Tbilisi Radio Tbilisi Network in Georgian 0506 GMT 14 Aug 95

[Regular weekly interview with Georgian Head of State Eduard Shevardnadze by correspondent Nato Oniani — live]

[FBIS Translated Excerpt] [Oniani] We shall presumably start with the economic issues because yesterday's conference, in fact, summed up the results of the first half of the year — I mean your meeting with the regional representatives of the head of state and local administrators. In addition, you are meeting with [IMF representative] Shadman Walavi today and his assessment of economic development in the country will become known later. On one hand, Georgia is implementing economic reforms and on the other hand, the entire population of Georgia is eager to know the views of representatives of the international structures which give the country recommendations.

[Shevardnadze] Good morning. I will be brief when speaking of economic issues because I have been told that Georgian TV intends to make a detailed report on yesterday's conference in which we summed up the results on the whole of our activities during the first six months of the year in the economy. The past week was remarkable because even though the process of discussing the constitution reached its climax, we still managed to find an opportunity to assess the social and economic situation as well as to the enforcement of law and order in Georgia.

The analysis of the processes and trends observable in the economy has enabled the conference to draw the conclusion that the drastic reform, financial stabilization, shaping a society of proprietors, integration into the world economic associations have become a long-range reality for Georgia. But the country is at an initial stage of its economic revival. The population's social condition is still hard — we all realize that. A major part of the industrial potential has not been utilized yet — we can speak of running only 20-25 per cent of the industry. The issues to be resolved have not become easier and this demands an enhancement of obligations in all spheres.

With regard to this, the form of ruling the country — I mean a presidential republic, presidential rule — which was agreed on at the parliament, will be the most effective and the least costly. This is the conclusion our population comes to. I would like to tell you that the interest displayed by the population toward what is happening in parliament is extremely strong. The population is also very active. We are getting thousands, tens of thousands of letters from the population from all over Georgia. I would rather that commentators look through the letters to see that the population is really involved in the process as actively as the parliament. [passage omitted]

Among the positive trends I mentioned above, I would point out agriculture. I must emphasize that changes for better are obvious in the sphere. For instance, quite a good harvest of grapes is expected this year. We have not had a harvest like this for the past few years. We have to find solutions to the problems of purchasing the grapes. Together with the Cabinet of Ministers we will meet with entrepreneurs, businessmen, bankers, and others in the next few days and if we succeed in finding the means to purchase the grape harvest or to take up the product on certain conditions which will be profitable and advantageous for the producers, we will be able to say that Georgian vine-growing has survived.

The total number of livestock has dramatically increased. Figures were cited at yesterday's meeting. Mr. Khatidze [representative of the head of state in the Shida Kartli region] said that the number of livestock almost doubled in Gori district compared with what there used to be during Soviet times.

There seem to be very good prospects as far as wheat is concerned. I even set an objective to the bakery products corporation to seek the means to buy wheat and to provide the industrial centers, Tbilisi first of all, with wheat flour. [passage omitted]

As for my meeting with Shadman Walavi — he has been working with a team of experts for a few days — it will be held later in the afternoon. I believe this meeting will be significant and efficient as his mission generally is. His every visit, every recommendation he gives to the Georgian authorities are very important for us and we try to implement everything our friends from the World Bank and the International Monetary Fund tell us.

[Oniani] You basically emphasized the reaction of the population to the constitutional process. One thing should probably be pointed out: Despite definitely variable forecasts, the Georgian parliament completed its work on Article four on the presidency and adopted it. Then, and this is most significant, the Article and all its paragraphs were adopted not only by the parliamentary majority but also by the majority of the parliament, that is, all the constructive forces in the majority as well as in the opposition parties and factions. This is not a resolution taken by only a part of the parliament which definitely supports the authorities.

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[Shevardnadze] I am sorry I have to reiterate what I said yesterday and the day before yesterday. I have been watching closely and I participate in what is happening in the parliament as well as what is happening among the population of Georgia and, as I said, the population is involved in the constitutional process. This is real democracy. I should say that many people have already reasoned over the future power, discussing the probable effectiveness of the power. Even possible candidates for the presidency as well as other bodies have already been considered in certain circles. [passage omitted]

Truly democratic forces and democratic parties demonstrate enviable unity, especially at the concluding stages of the parliament's activities. This is a guarantee for the process of democratization to become irreversible. All the parties — I recently mentioned all of those and I do not think I need to name them all again — all the parties I spoke about manage to overcome the insurmountable. That is why the initial stage of the constitutional process was a success. A conciliatory group, regrettably without me, worked all day yesterday, and quite successfully. Parliament will resume its discussion of the article on the parliament later in the afternoon. After that, we will consider the other articles, too.

I would like to say again that the state is obliged to secure full freedom of expressing a citizen's will at the elections. We shall meet again in September, I mean local administrations, regional representatives, mayors, and central authorities and again we will consider how the country is prepared for the elections, I mean organization and order.

[Oniani] The fact that the process has started has frustrated the hopes of some forces. Avtandil Ioseliani [first deputy head of the Security Service] said at a meeting the day before yesterday that stirring up of destructive forces could be expected before the elections. You also emphasized this in your speech. You also mentioned a link between these forces and some of our compatriots residing in Moscow. I would like to say that if real imperial forces have been seen in Moscow, sadly some of our compatriots appear to have joined this notion. You also said that no one in the law enforcement agencies has the right to be involved in double-dealing. You spoke about railroad problems, problems in the customs service. In a word, there were obvious or disguised, understandable or coded indications.

[Shevardnadze] The results of these two-day activities should be considered by the population itself. I know that the population is well-informed. A report on the first day of the meeting has already been broadcast and the second day will presumably be covered in the media as well.

I would like to say only one thing. The authorities will not allow anyone to abuse the election campaign with destabilization and disturbances. There is such a desire and the forces striving for this are not small. Regardless of the location of the forces and regardless of their affiliation to political or criminal circles, no one will be given a chance to do this and we will succeed. I reiterate, free choice, free elections, freedom of expressing one's will without guns and bribes will be enjoyed at the polling stations and this will be a guarantee of Georgia's future well-being and stability. Therefore, we will spare no effort to secure freedom of expressing one's will. [passage omitted]

As far as double-dealing is concerned, this has been an unhealthy practice in Georgia for the past five or six years. Indeed, Georgia is not an exception. Unfortunately, this occurs commonly during a transitional period. But it looks like a contagious disease in our country. I said yesterday that it is inadmissible in the state structures like the Defense Ministry, the Ministry of Internal Affairs, the Security Service, the Prosecutor's Office, and the whole system of law enforcement agencies. We have reports and that is why I called on everyone to stop double-dealing. Political parties are in a different situation. There, indeed, will be accords, compromises, blocs, and so on. As for employees of the police and the Security Service, they will not and cannot join any bloc and if this happens, the consequences will be grave. [passage omitted]

[Oniani] In our previous Monday interviews, you spoke of problems concerning farmers' markets. Last week, you issued a edict on providing the population with agricultural products.

[Shevardnadze] The edict is not a useless sheet of paper. This is a complete program of how to create ideal conditions for peasants, rural producers, and farms to supply products of the rural economy to industrial centers, to Tbilisi first of all, and to receive in return all that is essential for them. This needs overall order, order on the highways. Much has been done in this respect by the Ministry of Internal Affairs. This course will be continued and it will not be a mere campaign. [passage omitted] Much is being done and regional representatives of the head of state and local administrations have very interesting programs with regard to this.

I would like everyone to understand that Georgia's provincial division is an experiment. The representatives do a lot. It is perceptible in the rural areas, in towns — the population feels this. Let us leave this establishment alone. Let us give them time. A fresh parliament will come, a new president will probably come, and then everything will become clear. If anything is superfluous

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— all superfluous sections will be removed from various structures of the authorities. [passage omitted]

[Oniani] Festivities were held on 12 August at the Didgori Valley [the site of a battle against the Turks in 1121] on the initiative of the head of state's representatives in the Shida Kartli and Mtskheta-Tianeti regions. Speaking at these festivities and at the conference of local administrators, you said that Georgia will try to regain its annexed territories by peaceful means. But if this peaceful way legalizes the annexation of Georgian lands, a new Didgori battle will be put on the agenda, a modern Didgori. Were you using a figure of speech or something else?

[Shevardnadze] I will say it again and again. We have chosen a path to restore Georgia's territorial integrity — we do not claim anything that belongs to others — and this is the path of political negotiations and a political settlement of the issue. The whole world is well aware of this and has acknowledged our choice. However, as I said the other day, if this choice results in the loss of primordial Georgian lands, the lands soaked with our ancestors' blood, the whole country will certainly rise and will regain by force what could not be regained peacefully. This will be our extreme — this is not our choice — this will be a path thrust on us to use force in order to return whatever could not be done peacefully. I believe all normal states would reason like this.

I would like to explain again: No one argues about a special political status for Abkhazia within a single Georgia; no one argues about full guarantees of the world and European standards for the rights of all the peoples and ethnic groups residing in Georgia.

I have already said that I demand that the Moscow talks should be resumed immediately. A passive attitude observed during the negotiations causes serious concern. The passive attitude is displayed by the party which is not supposed to do this. It is obvious that there is a permanent process of torpedoing the negotiations by the Abkhaz side. It looks like we agree on something.... [pauses] At the recent stage, for instance, a memorandum was ready and was initialled by Abkhaz representatives but two or three weeks passed and they frustrated the process. So, it is still unclear today whether the negotiations will resume. This should come to an end. There is almost no time left. All participants in the negotiations have to act more dynamically and adhere to principles.

We are prepared for everything, for meetings and negotiations at any level which is considered useful and essential.

[Oniani] A similar process is under way in Moscow, I mean the run-up to the elections. Viktor Chernomyrdin, the Russian prime minister, convened a congress of his party, Russia Is Our Home, recently. Would you comment on this event? Information about this can be found in our mass media.

[Shevardnadze] You may recall that Viktor Chernomyrdin sent his greetings to the congress of the Union of Citizens of Georgia. That was a demonstration of his party's stand not only toward the Union of Citizens of Georgia but rather toward the whole democratic movement in Georgia. Yet, the greetings were directly addressed to the congress of the Union.

I believe that Chernomyrdin's party will become a major political force. I am not going to appraise other political forces. This is not my business. Considering the individuals who participated in the congress, it becomes clear that this will be a very serious force. The fundamental theses stated by the Russian prime minister in his speech are fully acceptable, comprehensible, and deserve appreciation not only by Georgia but also, I believe, by all the world. By the way, Mr. Chernomyrdin used a very good figure of speech when he said that communism remains a phantom. Conclusions will obviously be drawn from this in Russia as well as in Georgia.

[Oniani] Thank you very much. You have been listening to Eduard Shevardnadze, chairman of the Georgian parliament and head of state.

Constitution Article on Parliament Debated

LD1408192495 Moscow INTERFAX in English 1806 GMT 14 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 14 (INTERFAX) — The opposition's members in the Georgian parliament have spoken against including the article on two-chamber parliament in the draft of the country's new constitution.

They said during the discussion of the constitution's article on parliament today that such wording might be considered as an indirect attempt to fix the federative state system of Georgia, to which the opposition's members categorically object.

An INTERFAX correspondent reports that during the heated debate Georgian leader Eduard Shevardnadze proposed that the wording on the two-chamber parliament should be removed from the draft constitution and that this issue should be considered by the next parliament.

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Only after such a move did deputies begin discussing the constitution's article on parliament provision by provision.

Significant discord surrounds the provisions on the necessity for parties and blocs to overcome the 5 percent barrier to be elected to parliament and on the ratio between deputies elected from single-mandate constituencies and on party lists.

According to the latest version of the draft, 85 parliamentary seats are to be given to deputies elected from single-mandate constituencies and 65 seats to deputies elected on party lists.

The opposition has demanded that the representation be at least equal.

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Estonia

Vahi on Simplified Border Crossing With Russia

LD1408161295 Tallinn Radio Tallinn Network in Estonian 1300 GMT 14 Aug 95

[FBIS Translated Text] The Estonian Government does not consider it possible to introduce a simplified border crossing procedure between Estonia and Russia, said Prime Minister Tiit Vahi at a meeting with the members of the Setu Congress. Vahi said that the reason for the government's position is that the Estonian criminal world is closely connected with criminal groupings of Russia.

Today, at a meeting with Juri Vaidla, the head of the Council of Elders of the Setu Congress and Oie Sarv, the organization's secretary, Vahi said that the government was aware of Setumaa's problems and was looking for solutions.

Vahi said that the Estonian Government is definitely proceeding from the Tartu Peace Treaty when working toward a border agreement with Russia but, unfortunately, Estonia's goodwill alone will not be enough to solve this issue.

Raul Malk, a deputy chancellor of the Ministry of Foreign Affairs, who also attended the meeting, said that there was certain progress in consular negotiations between Estonia and Russia, which, if Russia approves it, could ease the problem of border crossing for the Setu.

Lithuania

Vilnius Condemns Acts Against Yugoslav Civilians

LD1108134695 Moscow INTERFAX in English 0952 GMT 11 Aug 95

[FBIS Transcribed Text] VILNIUS, Aug 11 (INTERFAX) — The Lithuanian Foreign Ministry condemned moves directed against the civilian population of the former Yugoslavia.

It said Thursday that "Lithuania opposes acts of aggression, ethnic cleansing and other moves that contradict the Universal Declaration of Human Rights, the principles of humanitarian law and warfare and the basic rules of civilized behavior."

The latest developments in Croatia and Bosnia-Herzegovina "present a potential threat to the safety of the Lithuanian peacekeepers and jeopardize further efforts for the protection of the troubled region against a humanitarian catastrophe," the Lithuanian Foreign Ministry said.

Vilnius stands for a non-violent solution to "the political and other problems" and calls on the warring parties to return to the negotiating table.

It confirms its willingness to play a role in the UN-sponsored peacekeeping efforts.

Peacekeepers in Croatia To Return as Planned

LD1108170195 Vilnius Radio Vilnius Network in Lithuanian 1300 GMT 11 Aug 95

[FBIS Translated Text] The second Lithuanian peacekeeping detachment, which has been staying in Croatia for five months now, will probably return to Lithuania on 19 August, as it was initially planned. Yesterday afternoon this information was communicated over the phone to Povilas Malakauskas, the director of the Foreign Relations Department at the Lithuanian Ministry of National Defense, by Lieutenant Marijus Kazlauskas, the commander of the detachment.

Povilas Malakauskas told the ELTA correspondent that the Lithuanian soldiers, together with the Danish peacekeepers, are planning to leave the Croatian territory on 15 August. However, he did not rule out the possibility that the date of departure may be postponed for several days or even for a whole week. Although the arrangements concerning the plane and the air passage have already been made, it is still unclear what the situation will be like at the time of the planned flight.

According to the Defense Ministry official, the Lithuanian servicemen are not exposed to a threat at the moment, since there is no fighting at the location where the Lithuanian detachment is stationed: The shooting is heard approximately 25 kilometers away. Therefore, the mission of the Danish peacekeeping battalion, part of which is the Lithuanian detachment, remains unchanged: It continues to monitor the human rights situation in former Yugoslavia.

Following the report that the United Nations has decided to reduce the number of its peacekeepers in Croatia, the situation will most probably change, since fewer servicemen will be required. Nevertheless, the new Lithuanian and Estonian peacekeeping detachments to replace the ones whose term has ended will be sent to Croatia, according to the report by Valdas Zekonis, head of the Public Relations Department at the Ministry of National Defense.

Prime Minister Leaves for Official Visit to Estonia

WS1108140495 Tallinn BNS in English 1317 GMT 11 Aug 95

[FBIS Transcribed Text] Vilnius-Tallinn, Aug 11, BNS — The Prime Minister of Lithuania, Adolfas Slezevi-

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cius, left for Tallinn on Friday on the government's official JetStar.

The Prime Minister of Estonia, Tiit Vahi, had invited him for a one-day official and private visit.

Slezevicius is expected in Talinn at about 1:30 P.M. and will then proceed to the official residence of the Estonian government Toompea where an official meeting will take place. The Minister of Foreign Affairs of Estonia, Riivo Sinijarv, will also take part in the discussions.

Slezevicius and Vahi will discuss an intergovernmental agreement on the protection of investments as well as a draft agreement on cooperation in the area of social security. The prime ministers will also discuss increasing the effectivity of Lithuanian-Estonian collaboration in border protection and in customs services. A draft on the international highway "Via Baltica," the situation in Croatia and Lithuanian and Estonian "blue helmets" participation in the Balkans will also be on their agenda.

After the meeting, at approximately 5:30 P.M., a press conference of the two prime ministers is planned.

The Lithuanian Prime Minister will be accompanied to Estonia by his wife and daughter. Saturday and Sunday will be devoted to a private visit. At the invitation of Vahi, Slezevicius will spend two days on the island of Saaremaa.

On Sunday the prime minister of Lithuania will be off to Riga where he will meet with the Latvian prime minister, Maris Gailis.

Slezevicius will return to Lithuania Sunday evening.

In accordance with Algirdas Brazauskas' presidential decree, the minister for administrative reforms and municipal affairs, Mindaugas Stankevicius will take over the prime minister's duties during his visit to Talinn and Riga.

Slezevicius Visits Latvia To Discuss Border, Airspace

LD1408101195 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 14 Aug 95

[FBIS Translated Text] Lithuanian Prime Minister Adolfas Slezevicius visited Riga yesterday afternoon, on the invitation of Latvian Prime Minister Maris Gailis. ELTA was informed by the [Lithuanian] Government spokesman that this was a short working visit.

The Lithuanian and Latvian prime ministers discussed matters concerning the delimitation of the maritime border and problems of airspace control. The prime ministers agreed that the foreign ministers of the two countries will meet in the nearest future to discuss the maritime border.

For quite some time now, both governments have discussed the question of how the zones of airspace control should be divided between Lithuania and Latvia. This issue is important, because the servicing of civilian aircraft generates considerable income, and Lithuania's airspace control system currently is one of the most advanced in Europe. Both sides agree that Lithuania should handle a much bigger air control zone than it handles now.

The prime ministers spoke about how to improve cooperation between the border guard services of the two countries; this is not the first time that this issue has been discussed. This problem and the questions of economic cooperation will be discussed at yet another meeting of the Lithuanian and Latvian prime ministers, which will be held in the Latvian seaport of Ventspils in September.

Paper Promotes One Body To Represent All Russians

WS1408085495 Tallinn BNS in English 1557 GMT 11 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 11, BNS — The Russian-language newspaper "Ekho Litvy", published in Vilnius, is initiating a project to unite all Russians living in Lithuania in a single organization.

The newspaper published an appeal to its readers on Thursday, asking that they support the editorial board in founding an "independent, apolitical organization or union, which would unite Russians and individuals of other ethnic groups, sharing Russian as a common native tongue."

The appeal says that the organizations of ethnic minorities and the "Union of Russians in Lithuania," currently being organized, are political organizations, representing only a part of the political spectrum and aiming to participate in the governing of the country. What is above all needed, according to "Ekho Litvy," is "a general, social and civic organization of fellow countrymen."

The appeal emphasizes that newspaper readers have frequently maintained that it was essential that a "consolidated civic democratic organization" be created, which could represent the interests of the vast majority of the Russian diaspora, regardless of political views or profession. "Ekho Litvy" considers that such an organization could represent the Russian diaspora both within the country and abroad.

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"Prime Minister Adolfas Slezevicius and other national leaders also have expressed comparable views on more than one occasion in this paper", the newspaper said.

"Ekho Litvy" in particular underlined the fact that the Russian Federation had drafted a law on aid to fellow countrymen abroad. This law foresees offering "financial aid and other benefits to organizations of ethnic Russians and to businesses, operating within these organizations' frameworks."

"Ekho Litvy" (Echo of Lithuania) has a circulation of almost 20 thousand and is the most influential Russian-language newspaper in Lithuania. Russians comprise 9 per cent of Lithuania's total population of 3.7 million.

Interview With President Marks Term in Office

WS1508105195 Tallinn BNS in English
1515 GMT 14 Aug 95

[FBIS Transcribed Text] Vilnius, Aug 14, BNS — The President of Lithuania Algirdas Brazauskas, marking the end of the first half of his term of office, notes that the decline in production had been halted over this period and that in certain areas of the economy "an upswing could be observed."

In an interview with Lithuanian Television to be broadcast on Monday evening, President Brazauskas is still extremely cautious speaking of economy. However, the gross national product did increase last year, the president said and stresses that this was noted as well by the International Monetary Fund.

Brazauskas, 62, criticized the agricultural reform carried out during the first years of Lithuanian independence when his party was in the opposition to the right-wing administration of Vytautas Landsbergis.

The president underlined the necessity of increasing the productivity of agriculture, to which as much budgetary funds would be allocated "as possible".

Much attention is devoted in the speech to the banking sector. Brazauskas promised that ways would be found to solve the issue of the devaluation of savings by inflation. He said he was encouraged by the fact that the government had been able to stop rising prices and inflation over the past two years. The introduction of the national currency and the pegging of the litas to the dollar had served this purpose.

Discussing banking activities, Brazauskas called upon the government and central bank to propose legislation to the parliament without delay which would hold bank directors responsible in cases of bankrupcy and make it possible to compensate individuals for savings lost.

The president also expressed the hope that the second stage of non-voucher privatization would be carried out much more competently. Though the speed of the first stage of privatization was praiseworthy, the president refrained from commenting on its quality.

Implementation of the budget remains a very serious problem. The president stressed that this issue must be a high priority for the administration.

Brazauskas criticized the Ministry of Internal Affairs, border guards and internal revenue authorities for poor work in tax collection. He stressed that up until now neither the Ministry of Internal Affairs nor the border guards had succeeded in resolving the technical problems of securing the borders. It was unclear whose interests were at stake — "whether corruption is involved or whether this is case of abuse of power," the head of state said.

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